

**ALASKA MUNICIPAL BOND BANK  
AUTHORITY**

**BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT  
Offices of  
Offices of the City & Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska**

**May 7, 2014**

**2:00 P.M.**





333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Tel (907) 465-2388  
FAX (907) 465-2902  
E-mail: [ambba@revenue.state.ak.us](mailto:ambba@revenue.state.ak.us)

## **AGENDA FOR BOARD OF DIRECTOR'S MEETING**

Offices of the City & Borough of Sitka Finance Director  
100 Lincoln Street, Sitka, Alaska  
May 7, 2014 at 2:00 p.m.

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the January 9, 2014 Meeting of the Board of Directors
- VI. General Business
  - A. Loan Applications – City of Ketchikan General Obligation bonds for both Hospital and Harbor Improvements
  - B. City of King Cove Loan Application Update
  - C. Resolution 2014-02 –Authorizing the Issuance of the Series 2014 Two Bonds
  - D. Series 2014 One Post Sale Summary
  - E. Executive Director's Report
- VII. Public Comments
- VIII. Board Comments
- IX. Adjournment

The Alaska Municipal Bond Bank Authority will hold a meeting in the Offices of the City & Borough of Sitka Finance Director 100 Lincoln Street, Sitka, Alaska, on May 7, 2014 at 2 p.m. The meeting will include, but is not limited to, the following agenda items:

City of Ketchikan Loan Requests  
Review of the City of King Cove's Loan Request  
Resolution 2014-02 authorizing the issuance of Series 2014 Two bond issue  
Post Sale Summary Series 2014 One Bond Issue  
Executive Directors Report

The public is invited to attend. Individuals who may need special modifications to participate should call 907-465-3750 prior to the meeting.

Dated April 17, 2014  
Deven Mitchell, Executive Director

# Notice of Meeting - Alaska Municipal Bond Bank Authority

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Post Sale Summary Series 2014 One Bond Issue  
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Dated April 17, 2014  
Deven Mitchell, Executive Director

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## Attachments, History, Details

### Attachments

Notice of Meeting - AMBBA 5-7-14.doc

### Revision History

Created 4/17/2014 1:54:06 PM by soalexander

### Details

Department:	Revenue
Category:	Agency Meetings
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
Publish Date:	4/17/2014
Archive Date:	5/8/2014

Events/Deadlines:

**OFFICIAL MINUTES for the BOARD OF DIRECTORS MEETING**

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

January 9, 2014

I. CALL TO ORDER

Mark Pfeffer called the meeting to order on at 2:00 p.m. Members participated at the offices of Wohlforth, Brecht, Cartledge, & Brooking at 900 West 5<sup>th</sup> Avenue, Suite 600, Anchorage, Alaska and by telephone.

II. ROLL CALL

Present- Luke Wells (via phone)  
Jerry Burnett (via phone)  
Ted Leonard  
Mark Pfeffer  
Greg Gurse

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Alaska Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht, Cartledge & Brooking
- Chip Pierce, Financial Advisor, Western Financial Group
- Craig Chapman, Kenai Peninsula Borough
- Cheryle Brooking, Wohlforth, Brecht, Cartledge & Brooking
- Marc Greenough, Foster & Pepper
- Bob Bartholomew, City & Borough of Juneau
- Shirley Rich, Wohlforth, Brecht, Cartledge & Brooking

- Joe Levesque, Levesque Law Group
- Even Rose, Alaska Permanent Capital Management

### III. PUBLIC MEETING NOTICE

A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record.

### IV. APPROVAL OF AGENDA

The agenda was approved without objection

### V. MINUTES of 10/10/2013 Board of Directors Meeting

The October 10, 2013 minutes were amended to delete "there were none" under Board Comments. The corrected minutes were approved without objection.

### VI. GENERAL BUISNESS

#### *Kenai Peninsula Borough Loan Request*

Mr. Pierce presented an overview of the revenue bond loan request to the Board. The Kenai Peninsula Borough (KPB) submitted an application for a \$43.0 million revenue bond to construct a specialty clinic associated with the Central Peninsula Hospital. The requested term of the loan is 20 years. The security for the loan comes from a gross hospital revenue pledge. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$14.3 million, which compared to the Borough's state-shared revenues of \$125.2 million provides coverage of 8.75 times. Estimated Borrower Savings were calculated to be \$4.78 million gross, and \$3.78 million on a present value basis. Mr. Pierce then reviewed the trend in KPB's Central Peninsula Hospital financial position including general fund revenue sources, trends and ending fund balances. He then reviewed future capital plans, state interceptable revenue, estimated borrower savings and the statement of no litigation. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Gursey made a motion to approve the \$43 million revenue bond loan for the Kenai Peninsula Borough, Mr. Burnett seconded the motion. Mr. Mitchell conducted a roll call vote and the motion passed with five yes votes.

#### *Kodiak Island Borough Loan Request*

Mr. Pierce presented an overview of the general obligation bond loan request to the Board. The Kodiak Island Borough (KIB) submitted an application for a \$25.0 million general obligation bond to continue the renovation and expansion of the KIB high school. The requested term of the loan is 20 years. The security for the loan comes from a general obligation pledge. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$8.3 million, which compared to the Borough's state-shared revenues of \$52.9 million provides coverage of 6.235 times. Estimated Borrower Savings were calculated to be \$1.908 million gross, and \$1.354 million on a present value basis. Mr. Pierce then reviewed the trend in KIB's financial position including general fund revenue sources, trends and ending fund balances. He then reviewed future capital plans, state interceptable revenue, estimated borrower savings and the statement of no litigation. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Gursey made a motion to approve the \$25 million revenue bond loan for the Kodiak Island Borough, Mr. Burnett seconded the motion. Mr. Mitchell conducted a roll call vote and the motion passed with five yes votes.

*City and Borough of Juneau Loan Request*

Mr. Pierce presented an overview of the revenue bond loan request to the Board. The City and Borough of Juneau (CBJ) submitted an application for a \$36.0 million revenue bond to fund improvements to offshore floating cruise ship dock facilities and to enhancements of the Juneau waterfront. The requested term of the loan is 20 years. The security for the loan comes from a pledge of port development fees. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$13.4 million, which compared to the Borough's state-shared revenues of \$91.3 million provides coverage of 6.82 times. Estimated Borrower Savings were calculated to be \$.6 million gross, and \$.4 million on a present value basis. Mr. Pierce then reviewed the trend in CBJ's port's financial position including general fund revenue sources, trends and ending fund balances. He then reviewed future capital plans, state interceptable revenue, estimated borrower savings and the statement of no litigation. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Gursey made a motion to approve the \$36 million revenue bond loan for the city and Borough of Juneau, Mr. Leonard seconded the motion. Mr. Mitchell conducted a roll call vote and the motion passed with five yes votes.

*Resolution 2014-01 authorizing the issuance of 2014 One Bond Issue*

Ms. Cartledge introduced resolution 2014-01, authorizing the issuance of a principal amount of not to exceed \$77 million dollars in General Obligation Bonds. This bond issue will provide for six purposes: 1. to make a loan for Kodiak Island Borough, 2. to make a loan to Kenai Peninsula Borough, 3. To make a loan to the City of King Cove, 4. To make a loan to the City & Borough of Juneau. The bonds will be sold on a negotiated basis, the underwriter will be which per section 210 will be RBC Capital Markets for the tax exempt bonds and JP Morgan Securities for the taxable bonds, the redemption features associated with the bonds will be determined at the time of the sale. Ms. Cartledge highlighted that the board's meeting packet contains forms of the loan agreements, and the preliminary official statement. Ms. Cartledge noted that the Resolution allows for sub-series of bonds, and that the bonds are expected to close February 20, 2014. Mr. Welles made a motion to approve the Resolution 2014-01, Mr. Gursey seconded the motion. The motion passed with five yes votes.

*Executive Director's Report*

Mr. Mitchell reported the following items to the Board:

*First quarterly compilation report* – With the shift to use of an external accounting firm for our accounting compilation we will now receive quarterly updated compilation reports. The first quarter of FY F2014's report is attached.

*October 24, 2013 transfer* – A copy of the letter requesting transfer of the \$520,589.73 excess balance of the 1976 reserve fund to the custodial account is attached.

*2013 Series Three* – The bonds closed on November 14, 2013 in Seattle. A copy of the letter transferring \$2,001,397.16 from the custody account to the 2005 Reserve Fund is attached.

*AGFOA Presidency* - In November 2013 I was asked to step in as President for the Alaska Government Finance Officers Association for 2014 due to the position being vacated and my status as an active past president. I accepted the roll and was formally placed in the office at the business meeting at the Fall Conference. Ryan Williams attended the conference with me in Anchorage and we met with many different municipalities.

*2003 Series B Revenue Bonds* – On December 1, 2013 the \$13 million balance of 2003 Series B Revenue bonds of the Bond Bank were optionally redeemed by a lump sum payment from the City of Valdez. The repayment released the Bond Bank's reserve of approximately \$1.8 million and that amount was transferred back to the Custodial Account.

*Legislation* - The Alaska Municipal Bond Bank Authority requested an increase in its borrowing limit of \$250 million, to \$1.25 million and an elimination of the auto sweep of any excess earnings to the general fund as outlined at the last meeting. I am hopeful that the Governor's office will introduce drafted legislation, but final approvals are not yet in place.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

Mr. Pfeffer noted that he had seen Sitka's Blue Lake Project highlighted in the Anchorage Daily News.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 3:30 p.m.

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Mark Pfeffer, Chairman

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	City of Ketchikan
Loan Amount:	Approximately \$46,000,000
Project Type:	1) Hospital construction 2) Harbor improvements
Project Description:	The City will use the Bond Bank loan for two projects. The first involves construction of a new 75,000 square foot addition to Ketchikan Medical Center for surgical/procedural and clinical services. The project will also include remodeling of existing patient service areas as well as additional parking. The second project involves the replacement of two floats at the City's Bar Harbor South, including the replacement of piles, floats and access ramps.
Term of Loan:	1) Hospital – 30 years 2) Harbor – 20 years
Loan Security:	City's full faith and credit
Revenues Expected to Repay Loan:	Hospital – Hospital Sales Tax (\$2.9 million) Harbor – Harbors Revenue (\$1.8 million)
Estimated Annual Debt Service:	Hospital – Approximately \$2.6 million Harbor – Approximately \$210 thousand
Total Bond Bank Annual Debt Service:	\$9.7 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$45.2 million
Debt Service Coverage of AMBB DS from SSR:	4.67x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Savings (Gross):	\$4.49 million (Hospital) / \$272 thousand (Harbor)
Estimated Savings (Present Value):	\$2.67 million (Hospital) / \$189 thousand (Harbor)
No Litigation Letter Received:	yes

# Loan Application Evaluation

## City of Ketchikan

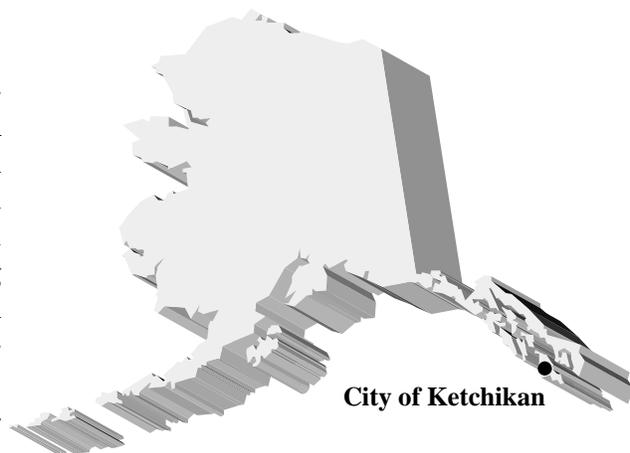
### Introduction

The City of Ketchikan (the "City") has submitted an application to the Alaska Municipal Bond Bank (the "Bond Bank") for two general obligation loan in an amount totaling approximately \$46 million. The City will use the Bond Bank loan to: 1) construct an addition to the Ketchikan Medical Center, and 2) replace floats at the City's Bar Harbor South. The following is our overview of this application and the security provisions associated with the loan.

### The Projects

The hospital project involves the construction of a new wing to the Ketchikan Medical Center. The project will include a modern surgical suite and expanded clinical space. The hospital project cost is estimated at \$68 million, with state grants accounting for \$18 million, PeaceHealth (the hospital operator) providing \$6 million and the federal government providing nearly \$1 million.

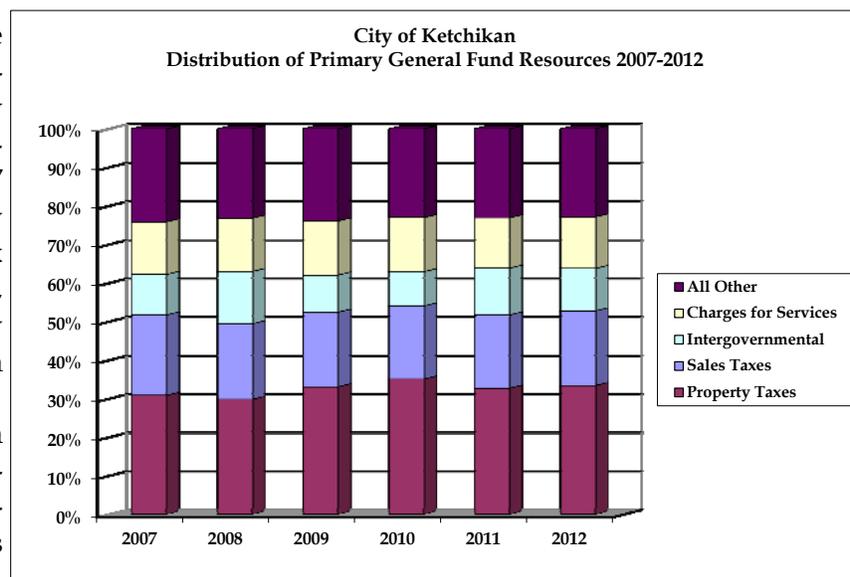
The harbor project involves replacement of Bar Harbor South floats 1N and 9. The project includes replacement of 21,000 square feet of main walk and finger floats, which hold vessels from 50' to 90'. A 50' long access ramp will be replaced with an 80' long ADA compliant access ramp. The harbor project cost is estimated at \$5.5 million, with state grants accounting for approximately \$2.3 million and City raw fish taxes for \$231 thousand. The harbor project was approved by the voters in June 2012 by a 72% to 28% margin. The hospital project was approved by the voters in October 2013 by a 73% to 27% margin.



### City Financial Position

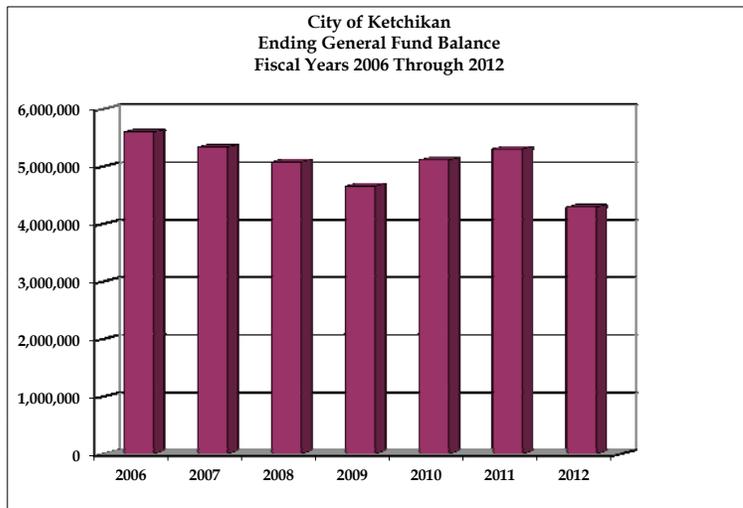
The graph on the right summarizes the distribution of the primary sources of general fund revenues during the years 2007 through 2012. The City benefits from a diverse mix of General Fund revenues, which enhances the security of its general obligation pledge.

From 2007 through 2012, property taxes accounted for 32.6% of General Fund revenues. Sales taxes accounted for 19.5%



and charges for services 13.7%. Intergovernmental revenues accounted for 11% and all other General Fund sources, including interdepartmental charges, accounted for 23.3%. These percentage breakdowns remain generally consistent throughout the 2007 to 2012 period.

During the period from 2006 through 2009, the City's General Fund year-end balance declined from \$5.59 million to \$4.65 million. These fund balances represent percentages of General Fund expenditures that range from 33% to 25.7%. In 2010 the General Fund balance increased to \$5.1 million, or 29.7%. The General Fund balance grew to \$5.3 million, or 28.6% of General Fund expenditures in 2011, but subsequently declined to \$4.3 million, or 21.8% in 2012. City staff expect the General Fund balance to remain

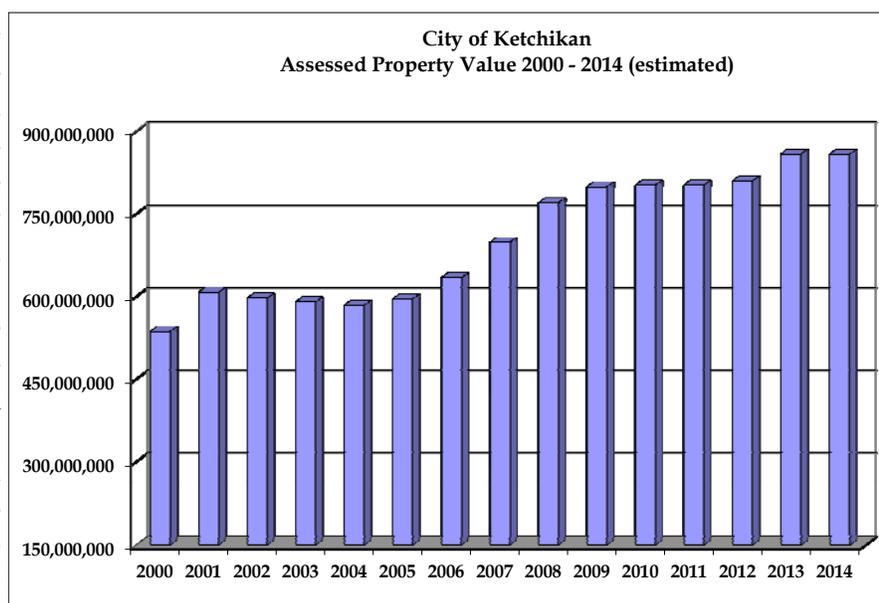


close to this amount in 2013 and expect General Fund health to improve in 2014 as a result of increased assessed values and a sales tax increase. The City has historically levied a sales tax at a rate of 3.5%, but increased the sales tax rate to 4% on April 1, 2014. The General Fund receives 1.5% of the 4%, the Hospital Sales Tax Fund receives 1% of the 4% and the remaining 1.5% of the 4% flows to the Sales Tax Public Works Fund, which is used primarily as a source of funding for capital improvements. In recent years, that fund has been used to address the City's aging bridge and trestle infrastructure, as well as to reimburse the General Fund for public works operations. As of the end of 2013, that fund held a balance of \$5.65 million (unaudited). The Hospital Sales Tax Fund is used for hospital-related capital projects and related debt service. As of December 31, 2013 the Hospital Sales Tax Fund had an ending balance of approximately \$5.27 million (unaudited). This fund balance will serve as a contingency for the City should sales tax revenues fall below forecasts.

### Security Pledge and Proposed Repayment Structure

As indicated, City voters approved both the hospital and harbor bonds through a general obligation bond election. The primary source of security for the loan is the City's property tax.

The table to the right shows the City's taxable assessed valuation over the past 15 years. The City's property tax collection rate has consistently ranged from 99% to 100% during that period (including past year delinquencies and penalties).



The City plans to pay debt service on the hospital bonds from the portion of the City's sales tax allocated for the hospital. It plans to pay debt service on the harbor bonds from various harbor revenues. These include charges for service, the City's raw fish tax and the State shared fisheries tax.

### **Future Capital Plans**

The City has no plans at this time to seek additional voter authorization for bond financed projects. In October 2004, City voters authorized the issuance of \$5.5 million of general obligation debt for the construction of improvements to the City's wastewater treatment utility. Approximately \$1.8 million of that authorization remains outstanding. In addition, voters previously approved authorizations of \$15 million for improvements to the City's water and electric utilities. At this point, \$3.3 million of those authorizations remain outstanding. City staff believe it is unlikely that the remaining authorizations associated with either the wastewater projects or the water/electric projects will be utilized.

### **Estimated Borrower Savings**

Savings to the City as a result of borrowing for the hospital project through the Bond Bank are estimated at approximately \$4.49 million or \$2.67 million on a present value basis. Savings to the City as a result of borrowing for the harbor project through the Bond Bank are estimated at approximately \$272 thousand or \$189 thousand on a present value basis. Savings are a result of lower interest rates and lower costs of issuance that the City will face as a result of issuing through the Bond Bank rather than on its own.

### **Statement of No Litigation**

Accompanying the application from the City is a letter from Mitchell A. Seaver, the City Attorney, stating that "there is no action, proceeding or investigation... pending or, to the best of my knowledge threatened that contests or seeks to restrain or enjoin the issuance, sale, or delivery the Bonds, or the right of the applicant to levy or collect taxes pledged or to be pledged to pay principal and interest on the Bonds; ... or... against the City involving the property or assets ... which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in ... the condition, financial or otherwise, of the City. "

### **State Aid Intercept**

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. With the sale of this issue, the City will have approximately \$105 million of debt outstanding under the Bond Bank's 2005 Resolution and \$3 million of debt outstanding under the 1976 Resolution.

The table on the following page presents the City's revenues subject to intercept compared to maximum annual debt service, including the 2014 loans and the City's other debt held by the Bond Bank.

Shared Taxes and Fees	\$2,465,255
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$0
Education Support Funding	\$0
Matching Grants	\$42,739,607
Community Jails	\$0
Revenue Sharing	\$0
Total Revenue Subject to Intercept	\$45,204,862
Maximum Annual Debt Service	\$9,678,961
<b>Debt Service Coverage</b>	<b>4.67</b>

**Summary**

Based on our assessment, the general obligation security offered by the City, as set forth in the City’s loan application and supplemental materials, provides sufficient security to justify approval of the hospital and harbor project applications. This security provided by the City’s general obligation pledge to the loan is the strongest security that the City can provide and is sufficient to secure the contemplated loan.

For these reasons, we recommend approval of this loan application. If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC



Chip Pierce

## **Ketchikan Economic and Demographic Information**

The City is the population center of Ketchikan Gateway Borough and is Alaska's southernmost major city and the state's fifth largest. The current population of the City is approximately 8,100.

The City's economy is based on natural resources, primarily timber and fishing. Both industries have played significant roles in the development of the local economy since the turn of the century. During the first part of the 1900's, fishing was the primary industry with numerous canneries and fish processing facilities operating throughout the community. In the 1950's timber moved to the forefront when the US Forest Service offered two 50 year timber contracts to cut timber in the Tongass National Forest. One of the contracts resulted in the construction of a major pulp mill facility and several saw mills in Ketchikan.

In 1997, Ketchikan Pulp Company ("KPC") closed its pulp mill located in Ketchikan. The closure came after two years of unsuccessful negotiations with the US Forest Service to extend the 50 year timber contract by an additional 15 years. By the end of the year, 477 pulp mill workers were unemployed. Efforts to reemploy or retrain the dislocated workers have been largely successful.

The Gateway Forest Products sawmill discontinued operations in February 2001. The sawmill has been sold and is not expected to reopen. Ketchikan Gateway Borough completed a \$9 million sale of the veneer mill and 379 acres at Ward Cove.

A Walmart store opened in Ketchikan in March 2001 and currently employs 173, and the shipyard employs approximately 40 to 50 individuals.

Ketchikan is the first port of call in Alaska for cruise ships and Alaska Marine Highway vessels. Tourism and government are also major contributors to the local economy. In 2012 there were a total of 505 cruise ship stops bringing 955,000 cruise passengers to Ketchikan.

This growth in the tourism industry has led to the development of commercial property adjacent to the Port of Ketchikan. In the past five years, significant construction has taken place targeting local tourism.

Government accounts for approximately one-quarter of the employment. Local government employs approximately one-half of the government sector and the state government one-third. The City of Ketchikan, with 294 regular full-time employees.

Regularly-scheduled jet services offer air service. The state-owned, Borough-operated Ketchikan International Airport has a paved, lighted 7,500 foot long by 150 foot wide asphalt runway. The airport lies on Gravina Island, a 10-minute ferry ride from Ketchikan's waterfront. Ketchikan is a regional transportation hub, with numerous air taxi services to surrounding communities. There are four major float plane landing facilities: Tongass Narrows, Peninsula Point, Ketchikan Harbor, and Murphy's.

Harbor and docking facilities include a breakwater, a deep draft dock, five small boat harbors, a dry dock and ship repair yard, boat launch, and a state ferry terminal. The shipyard is privately owned. The Inter-Island Ferry Authority operates a once-daily, year-round ferry service between Ketchikan and Hollis.



May 24, 2014

Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
P. O. Box 110405  
Juneau, AK 99811-0405

**RE: Bond Application for \$43 Million General Obligation Bond**

Dear Deven:

Please find enclosed the application supporting the City of Ketchikan's request for the Alaska Municipal Bond Bank Authority to purchase a \$43 million general obligation bond from the City. The proceeds from this purchase will be used to finance the construction of a new wing for the Ketchikan Medical Center.

Our application package includes the Bond Bank's standard application form for bonds and the following documents:

- Application supplement. This supplement provides additional information that was required to complete the standard application form.
- Project schedule.
- Project description for Phase I of the Ketchikan Medical Center Addition and Alterations Project.
- Powerpoint presentation presented to the City Council at its meeting of January 12, 2012.

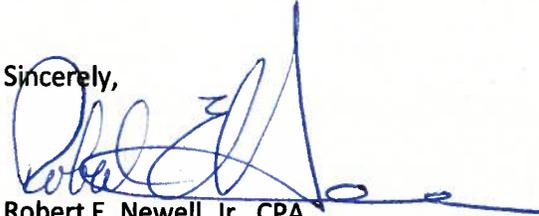
As you may recall, we discussed the City's intent obtain funding through the Bond Bank for a \$3 million harbor improvement project. We agreed that this project could be added to the application for the KMC Project. I started the application process taking this approach but it turned out to be too cumbersome. As a result, you will be receiving a separate application for the harbor improvement project later in the week.

Since the City was awarded a \$15 million non-matching state grant, it has sufficient funds on hand to finance the start of the project so there is no need to expedite this application or a need for

interim financing. If it fits within the Bond Bank's schedule, the City would like to be able to sell the bonds in June or early July.

I look forward to working with you and the rest of the Bond Bank team on this financing. If you have any questions about our application or need additional information, please don't hesitate to let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert E. Newell, Jr.", with a long horizontal flourish extending to the right.

Robert E. Newell, Jr., CPA  
Finance Director



## Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information			
<b>A. Name of Governmental Unit (Applicant):</b>			
City of Ketchikan, Alaska			
<b>B. Type of government (home rule, first class, authority, etc.):</b>			
Home Rule			
<b>C. Contact Person for the government:</b>			
<b>Name:</b>		<b>Title:</b>	
Robert E. Newell, Jr.		Finance Director	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
334 Front Street		Ketchikan	AK
<b>Phone:</b>	<b>Fax:</b>	<b>E-mail:</b>	
907-228-5621	907-228-5617	<a href="mailto:bohn@city.ketchikan.ak.us">bohn@city.ketchikan.ak.us</a>	
<b>D. Applicant's Bond Counsel:</b>			
<b>Name:</b>		<b>Title:</b>	
David Thompson		Partner, K & L Gates	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
925 4th Avenue, Suite 2900		Seattle	WA
<b>Phone:</b>	<b>Fax:</b>	<b>E-mail:</b>	
(206) 370-8395	(206) 370-6191	<a href="mailto:david.thompson@klgates.com">david.thompson@klgates.com</a>	
<b>E. Applicant's Financial Advisor or Underwriter (if applicable):</b>			
<b>Name:</b>		<b>Title:</b>	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
		Seattle	WA
<b>Phone:</b>	<b>Fax:</b>	<b>E-mail:</b>	
206-370-8395			

**II. Issue Information**

**A. Total amount of bond purchase request:**

General Obligation Bond - \$43,000,000

**B. Total term of requested loan:** 30 years

**C. Preferred principal and interest payment months:** Nov/Dec / interest May/June only

**D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition**

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots:
1,018	369	25%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? No, but the City intends to pay debt service from the sales tax dedicated to health care.

**E. Will you need interim financing? No**

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing.  Attached  None

**F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.**

1. Are engineering and specifications completed?  Yes  No

2. If not, when are they projected for completion?

3. Have construction bids been awarded?  Yes  No

4. Are there additional state or local approvals required?  Yes  No

The City is waiting for the Alaska Department of Health and Social Services to issue a certificate of need and the Ketchikan Gateway Borough Department of Planning and Community Development to approve a zoning permit.

5. Describe timing/scheduling plan: Preconstruction activities have already started. Construction expected to begin in May 2014. The project is scheduled for completion in April 2016. A copy of the current project schedule has been attached to this bond application.

6. What is the projected completion date? October 2012

**G. Sources of uses of funds**

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 43,000,000	Construction	\$ 46,540,000
Federal Funds*	\$ 990,000	Engineering	\$ 3,800,000
State Funds*	\$ 18,000,000	Contingency	\$ 8,360,000
Applicant's Funds	\$	Cost of Issuance	\$ 400,000
Other - PeaceHealth	\$ 6,010,000	Furniture & Fixtures	\$ 8,900,000
<b>Total:</b>	<b>\$ 68,000,000</b>	<b>Total:</b>	<b>\$ 68,000,000</b>

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds. See application supplement.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds: Construction, furniture and fixtures, construction management and cost of issuance.

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. Attached See application supplement

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? Yes No

If yes, provide amount of financed, purpose and principal amount outstanding. \$0

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? Yes No

If yes, please attach details. Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? Yes No

If yes, please attach an explanation. Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? Yes No

If yes, please attach an explanation. Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. Attached. See application supplement.

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy. Attached See application supplement.

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) Attached

Are any of the community's major employers expected to make changes in work force or operations?

Yes No

If yes, provide an explanations. Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
2009	7,503	State of Alaska, Department of Commerce
2010	8,050	State of Alaska, Department of Commerce
2011	8,142	State of Alaska, Department of Commerce
2012	8,291	State of Alaska, Department of Commerce
2013	8,313	State of Alaska, Department of Commerce

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. Attached

M. Provide your audited financial statements from the last two years (provide your unaudited statement if audit hasn't been preformed). [www.city.ketchikan.ak.us/departments/finance/index.html](http://www.city.ketchikan.ak.us/departments/finance/index.html)

N. Provide your current year's budget. [www.city.ketchikan.ak.us/departments/finance/index.html](http://www.city.ketchikan.ak.us/departments/finance/index.html)

O. Provide your capital improvement plan. [www.city.ketchikan.ak.us/departments/finance/index.html](http://www.city.ketchikan.ak.us/departments/finance/index.html)

P. Provide any other financial or economic information that will assist evaluation of your application.

Attached **None**

#### **IV. Legal Information**

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in**
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
  2. against your government or involving any of the property or assets of or under the control of your government, which , whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
- B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.**
- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation**



**City of Ketchikan, Alaska**  
**Alaska Municipal Bond Bank Bond Bank Application for Bonds**  
**2014 Hospital General Obligation Bond - \$43,000,000**

**G. Sources of Uses of Funds**

**If federal or state grant funds are involved, provide a completed description of the status and uses of these funds.**

- **United States Department of Health and Social Services**  
HRSA Grant No. 1C76HF20637-01-00  
Amount of Award \$990,000  
Amount Expended - \$990,000

This grant was awarded to the City to fund the schematics design and the environmental assessment. The grant is fully expended and has been closed.

- **State of Alaska Department of Commerce, Community and Economic Development**  
Medical Center Improvement Grant No. 13-DC-546  
Amount of Award - \$3,000,000  
Amount Expended - \$487,776

This grant was awarded to the City to fund the design and engineering of the new wing for the Ketchikan Medical Center.

- **State of Alaska Department of Commerce, Community and Economic Development**  
Medical Center Improvement Grant No. 14-DC-072  
Amount of Award - \$15,000,000  
Amount Expended - \$0

This grant was awarded to the City to partially fund the construction of the new wing for the Ketchikan Medical Center.

**Section III – Credit Information**

**A. Provide loan agreements or copies of the cover page of official statements for your government's outstanding bonds.**

Pursuant to direction from Deven Mitchell, Executive Director of the Alaska Municipal Bond Bank Authority, the City is only required to submit loan agreements or copies of the cover page of official statements for bonds that were not issued through the Bond Bank. The table below summarizes all of the City of Ketchikan's outstanding bonded debt as of March 14, 2014.

<u>Bond</u>	<u>Purpose</u>	<u>Issuing Agency</u>	<u>Attachment</u>
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1997 Hospital	Health	Alaska Municipal Bond Bank Authority	No
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2012 Library	Library	Alaska Municipal Bond Bank Authority	No
ADEC No. 481011	Wastewater	ADEC Clean Water Loan Program	Yes
ADEC No. 481071	Wastewater	ADEC Clean Water Loan Program	Yes
ADEC No. 481072	Wastewater	ADEC Clean Water Loan Program	Yes
ADEC No. 481101	Wastewater	ADEC Clean Water Loan Program	Yes
<i>Revenue Bonds</i>			
1997 Series T	KPU Electric	Alaska Municipal Bond Bank Authority	No
2002 Series V	KPU Elec & Water	Alaska Municipal Bond Bank Authority	No
Series W - CREB	KPU Electric	Banc of America	Yes
Series X	KPU Electric	Alaska Municipal Bond Bank	Yes
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ADEC 481051	KPU Water	ADEC Drinking Water Loan Program	Yes
ADEC 481061	KPU Water	ADEC Drinking Water Loan Program	Yes
ADEC 481091	KPU Water	ADEC Drinking Water Loan Program	Yes
ADEC 481111	Wastewater	ADEC Clean Water Loan Program	Yes
ADEC 481121	KPU Water	ADEC Drinking Water Loan Program	Yes
ADEC 481141	KPU Water	ADEC Drinking Water Loan Program	Yes

**F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued.**

In October 2013, the voters of the City authorized a \$43 million general obligation bond to finance the construction of a new wing for the Ketchikan Medical Center. The new facility will include a modern surgical suite and expanded clinical space. The new wing will be owned by the City of Ketchikan and operated by PeaceHealth, a provider of healthcare services in Alaska, Washington and Oregon, under a long-term operating lease. This bond issue is the subject of this bond application.

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In October 2004, the voters of the City authorized a \$5.5 million general obligation bond to finance the construction of improvements for the City's wastewater utility. As of December 31, 2013, approximately \$1.8 million had yet to be issued. All of the debt will be issued through the Alaska

Department of Environmental Conservation (ADEC) Clean Water Loan Program. The City has until 2014 to issue the remaining debt. It is highly unlikely that the City will be issuing additional debt under this bond authorization prior to its expiration in 2014.

In October 2004 and 2005, the voters of the City authorized a \$15 million municipal utility revenue bond to finance improvements for the electric and water utilities owned by the City and operated by Ketchikan Public Utilities. As of December 31, 2013, approximately \$3.3 million had yet to be issued. All of the debt issued to date has been through the federal Clean Renewable Energy Bond and the ADEC Drinking Water Loan Programs. The bond authorization is due to expire in July 2014. It is highly unlikely that the City will be issuing additional debt prior to the expiration of the bond authorization.

**G. Attached your government's forecast on the amount, timing and purpose of future general obligation or revenue bond financing,**

The City has no definitive plans to issue future general obligation or revenue bonds other than the \$2 million dollars remaining from the 2012 voter authorized \$5 million general obligation bond issue discussed above under Section F. The current plan calls for the remaining \$2 million to be issued in 2015 and 2016.

The City's 2014 – 2018 Capital Improvement Programs for General Government and Ketchikan Public Utilities will require \$25 million of bond funding in order to accomplish the goals established by the City Council for improving the City's facilities and infrastructure. Many of projects included in the capital improvement programs will require grant funding before they can be financially feasible for the City to undertake. The City's ability to attract grant funding will materially affect the timing of when the bonds are issued. The goals of the City Council may also change the priority of projects included in the capital improvement programs, require the addition of new projects or the deletion or modification of existing projects.

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**H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors (If this information is available in an annual report, provide a copy with your application).**

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**Are any of the community's major employers expected to make changes in the work force or operations?**

No immediate changes are expected in the near term but the maritime and mining industries are expected to become more active within the next few years. Please refer to the discussion under "The Local Economy Looking Forward", which can be found on page B-16 of the transmittal letter for the

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**L. Provide assessed valuation and property tax collection for all taxable property within your corporate limits for the past five years.**

<u>Year</u>	<u>Assessed Value Including Tax- Exempt Property</u>	<u>Tax-Exempt Property</u>	<u>Taxable Assessed Value</u>	<u>Property Tax Collections</u>
2008	\$ 768,741,400	\$ 50,094,600	\$ 718,646,800	\$ 4,369,695
2009	798,108,100	52,754,100	745,354,000	4,531,418
2010	800,947,400	55,101,700	745,845,700	4,533,429
2011	801,175,000	55,829,300	745,345,700	4,621,087
2012	808,516,900	58,818,800	749,698,100	4,590,563





March 27, 2014

Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
P. O. Box 110405  
Juneau, AK 99811-0405

**RE: City of Ketchikan Bond Application for \$3 Million General Obligation Bond**

Dear Deven:

Please find enclosed the application supporting the City of Ketchikan's request for the Alaska Municipal Bond Bank Authority to purchase a \$3 million general obligation bond from the City. The proceeds from this purchase will be used to finance the construction and installation of two replacement floats for the City's mooring facilities located at Bar Harbor.

Our application package includes the Bond Bank's standard application form for bonds and the following documents:

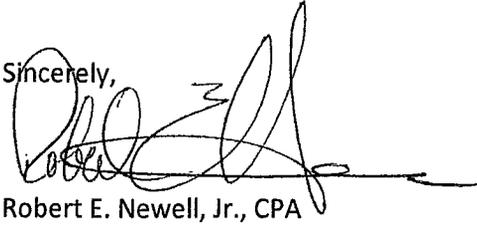
- Application supplement. This supplement provides additional information that was required to complete the standard application form.
- Bond Election Ordinance No. 12-1697.
- Ballot proposition.
- Powerpoint presentation presented to the City Council at its meeting of January 14, 2013.

As we discussed on the phone, the City would like to issue this bond in conjunction with the \$43 million bond issue for the Ketchikan Medical Center. The application for the KMC bond issue was sent to you under separate cover. If it would be better to issue this issue separately, the City has no need of the funds before October 2014.

The bond application requires that the City provide a certificate from our legal counsel. Unfortunately, City Attorney Mitch Seaver is out of the office on personal leave. He is expected back in the office the week of March 31, 2014. When he returns to the office, I will follow up with him regarding the status of the certificate and forward it to your office as soon as it becomes available.

I look forward to working with you and the rest of the Bond Bank team on this financing. If you have any questions about our application or need additional information, please don't hesitate to let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Newell', with a long horizontal flourish extending to the right.

Robert E. Newell, Jr., CPA  
Finance Director



## Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information			
<b>A. Name of Governmental Unit (Applicant):</b>			
City of Ketchikan, Alaska			
<b>B. Type of government (home rule, first class, authority, etc.):</b>			
Home Rule			
<b>C. Contact Person for the government:</b>			
<b>Name:</b>		<b>Title:</b>	
Robert E. Newell, Jr.		Finance Director	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
334 Front Street		Ketchikan	AK
<b>Phone:</b>		<b>Fax:</b>	<b>E-mail:</b>
907-228-5621		907-228-5617	bobn@city.ketchikan.ak.us
<b>D. Applicant's Bond Counsel:</b>			
<b>Name:</b>		<b>Title:</b>	
David Thompson		Partner, K & L Gates	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
925 4th Avenue, Suite 2900		Seattle	WA
<b>Phone:</b>		<b>Fax:</b>	<b>E-mail:</b>
(206) 370-8395		(206) 370-6191	david.thompson@klgates.com
<b>E. Applicant's Financial Advisor or Underwriter (if applicable):</b>			
<b>Name:</b>		<b>Title:</b>	
<b>Address:</b>		<b>City:</b>	<b>State:</b>
		Seattle	WA
<b>Phone:</b>		<b>Fax:</b>	<b>E-mail:</b>
206-370-8395			

**II. Issue Information**

**A. Total amount of bond purchase request:**

General Obligation Bond - \$3,000,000

**B. Total term of requested loan:** 20 years

**C. Preferred principal and interest payment months:** Nov/Dec <sup>principle</sup>/<sub>interest</sub> May/June <sup>interest</sup>/<sub>only</sub>

**D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.**

If a bond election has been held, provide the votes for and against the issue(s):

Yes	No	Percent of registered voters casting ballots
290	115	7%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? No, but the City intends to pay debt service from fees paid by the users of the City's harbor facilities.

**E. Will you need interim financing?** No

1. If applicable, provide interim financing information:

Amount	Maturity	Rate	Lender

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing.  Attached  None

**F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.**

- Are engineering and specifications completed?  Yes  No
- If not, when are they projected for completion? \_\_\_\_\_
- Have construction bids been awarded?  Yes  No
- Are there additional state or local approvals required?  Yes  No
- Describe timing/scheduling plan: Construction is expected to begin at the conclusion of fishing season, which is approximately October 2014.
- What is the projected completion date? May 2015

**G. Sources of uses of funds**

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 3,000,000	Construction	\$ 4,643,345
Federal Funds*	\$	Engineering/Pjt Mgmt	\$ 373,470
State Funds*	\$ 2,277,300	Contingency	\$ 466,835
Applicant's Funds	\$	Cost of Issuance	\$ 25,000
Other - Raw Fish Tax	\$ 231,350	Furniture & Fixtures	\$ 0
<b>Total:</b>	<b>\$ 5,508,650</b>	<b>Total:</b>	<b>\$ 5,508,650</b>

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds. See application supplement.

- Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:  
Construction and installation of floats, construction management and cost of issuance.

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds.  Attached See application supplement

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues?  Yes  No  
 If yes, provide amount of financed, purpose and principal amount outstanding. \$0

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects?  Yes  No  
 If yes, please attach details.  Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds?  Yes  No  
 If yes, please attach an explanation.  Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds?  Yes  No  
 If yes, please attach an explanation.  Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued.  Attached. See application supplement.

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy.  Attached See application supplement.

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.)  Attached. See application supplement.

Are any of the community's major employers expected to make changes in work force or operations?  
 Yes  No  
 If yes, provide an explanations.  Attached. See application supplement.

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

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L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years.  Attached. See application supplement.

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N. Provide your current year's budget. [www.city.ketchikan.ak.us/departments/finance/index.html](http://www.city.ketchikan.ak.us/departments/finance/index.html)

O. Provide your capital improvement plan. [www.city.ketchikan.ak.us/departments/finance/index.html](http://www.city.ketchikan.ak.us/departments/finance/index.html)

P. Provide any other financial or economic information that will assist evaluation of your application.  
 Attached **None**

#### IV. Legal Information

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
  2. against your government or involving any of the property or assets of or under the control of your government, which, whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
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- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Karl R. Amylon

Name (print)

City Manager/KPU General Manager

Title

Signature

3/26/2014

Date of Application

Please return all applications to:  
Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
PO Box 110405  
Juneau, AK 99811-0405  
(907)465-2388 phone  
(907)465-2389 fax  
deven\_mitchell@revenue.state.ak.us

**City of Ketchikan, Alaska**  
**Alaska Municipal Bond Bank Bond Bank Application for Bonds**  
**2014 Harbor General Obligation Bond - \$3,000,000**

**F. Describe project to be financed, including the information requested in 1 -6. If this information is available in a project feasibility study, you may reference and attach it.**

The project to be financed will replace Bar Harbor South Floats 1N and 9. The project includes the replacement of 21,000 square feet of main walk and finger floats, which hold vessels from 50 feet to 90 feet in length. Scheduled for replacement are piles, floats, finger floats, electrical pedestals and cables, overhead lighting and water lines. A 50 foot long access ramp will be replaced with an 80-foot long ADA compliant access ramp. For more information about this project, please see the attached "Bar Harbor South Floats 1N and 9, 35% Design Review Submittal" that was prepared by PND Engineers, Inc. and submitted to the Ketchikan Port and Harbors Advisory Board and the Ketchikan City Council.

**G. Sources of Uses of Funds**

**If federal or state grant funds are involved, provide a completed description of the status and uses of these funds.**

- State of Alaska Department of Transportation and Public Facilities  
Harbor Facility Grant No. 14-HG-002  
Amount of Award - \$4,787,500  
Amount Expended - \$2,510,200

This grant was awarded to the City to fund the design, engineering and construction of a drive down float and the replacement of Floats 1N and 9 at Bar Harbor. This grant requires a 50% local match. The proceeds from this this bond will be used to satisfy the local match requirements.

**Section III – Credit Information**

**A. Provide loan agreements or copies of the cover page of official statements for your government's outstanding bonds.**

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2008	\$ 768,741,400	\$ 50,094,600	\$ 718,646,800	\$ 4,369,695
2009	798,108,100	52,754,100	745,354,000	4,531,418
2010	800,947,400	55,101,700	745,845,700	4,533,429
2011	801,175,000	55,829,300	745,345,700	4,621,087
2012	808,516,900	58,818,800	749,698,100	4,590,563

**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2014-02**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION BONDS, 2014 SERIES TWO, OF  
THE ALASKA MUNICIPAL BOND BANK**

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank (the "Bank") by Resolution entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "Resolution"), has created and established an issue of Bonds of the Bank; and

WHEREAS, the Resolution authorizes the issuance of said Bonds in one or more series pursuant to a Series Resolution authorizing each such series; and

WHEREAS, the Board of Directors of the Bank has determined that it is necessary and required that the Bank issue at this time a Series of Bonds to be designated "Alaska Municipal Bond Bank General Obligation Bonds, 2014 Series Two" (the "2014 Series Two Bonds") to provide moneys to carry out the purposes of the Bank;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AS FOLLOWS:

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

Section 101 - Series Resolution.

This Series Resolution (the "2014 Series Two Resolution") is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in the Act.

Section 102 - Definitions.

In this 2014 Series Two Resolution and with respect to the 2014 Series Two Bonds:

(1) Unless otherwise defined in Article I herein, all capitalized terms herein shall have the same meanings, respectively, as such terms are given in Article I of the Resolution.

(2) "Bank" shall mean the Alaska Municipal Bond Bank.

(3) "Beneficial Owner" shall mean the person in whose name a 2014 Series Two Bond is recorded as the beneficial owner of such 2014 Series Two Bond by the respective systems of Depository Trust Company and the Depository Trust Company Participants or the registered owner of the 2014 Series Two Bond if the 2014 Series Two Bond is not then held in book-entry form under Section 206.

(4) "Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the 2014 Series Two Bonds.

(5) "Chairman" shall mean the chairman of the Board of Directors of the Alaska Municipal Bond Bank Authority (also known as the Alaska Municipal Bond Bank).

(6) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

(7) "Continuing Disclosure Certificate" shall mean the Continuing Disclosure Certificate executed by the Bank and dated the date of issuance and delivery of the 2014 Series Two Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(8) "Depository Trust Company" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

(9) "Depository Trust Company Participant" shall mean a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of Depository Trust Company.

(10) "Excess Investment Earnings" shall mean the amount of investment earnings on gross proceeds of the 2014 Series Two Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

(11) "Financial Advisor" shall mean Western Financial Group, LLC.

(12) "Letter of Representations" shall mean the Blanket Issuer Letter of Representations dated May 2, 1995 from the Bank to Depository Trust Company, a copy of which is attached hereto as Exhibit A, and the operational arrangements referred to therein.

(13) "Loan Agreement" shall mean, together, the agreements (a) by and between the Bank and the City of Ketchikan, Alaska, and (b) City of King Cove, Alaska,

each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.

(14) "Record Date" shall mean fifteen days preceding each interest payment date with respect to the 2014 Series Two Bonds.

(15) "2014 Series Two Bonds" shall mean the Bonds authorized by Article II hereof.

## ARTICLE II AUTHORIZATION OF 2014 SERIES TWO BONDS

### Section 201 - Principal Amount, Designation and Series.

Pursuant to the provisions of the Resolution, a series of Bonds designated as "Alaska Municipal Bond Bank General Obligation Bonds, 2014 Series Two" is hereby authorized to be issued in the aggregate principal (par) amount of not to exceed Forty-Nine Million and No/100 dollars (\$49,000,000). The Executive Director is hereby authorized to change the designation to allow for the sale of the 2014 Series Two Bonds to be combined and sold with other Bonds authorized by a Series Resolution and approved by the Board of Directors of the Bank.

### Section 202 - Purposes.

The purposes for which the 2014 Series Two Bonds are being issued are (i) making Loans to the Governmental Units to the extent and in the manner provided in Article III, and (ii) making a deposit, if any, in the Reserve Fund as provided in Article III of this 2014 Series Two Resolution.

### Section 203 - Date, Maturities and Interest Rates.

The 2014 Series Two Bonds shall be dated the date the 2014 Series Two Bonds are delivered to the Purchaser of the 2014 Series Two Bonds. Subject to adjustment as provided for in this Section 203, the 2014 Series Two Bonds shall mature, or have Sinking Fund Installments due, on the 1st day of June in the respective principal amounts set forth below:

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Maturity (June 1)</u>	<u>Principal Amount</u>
2015	\$235,000	2030	\$1,675,000
2016	230,000	2031	1,750,000
2017	240,000	2032	1,840,000
2018	1,095,000	2033	1,930,000
2019	1,135,000	2034	2,035,000
2020	1,190,000	2035	1,900,000
2021	1,100,000	2036	1,995,000
2022	1,150,000	2037	2,100,000
2023	1,195,000	2038	2,205,000
2024	1,240,000	2039	2,315,000
2025	1,305,000	2040	2,395,000
2026	1,365,000	2041	2,515,000
2027	1,430,000	2042	2,640,000
2028	1,510,000	2043	2,780,000
2029	1,580,000	2044	2,925,000

Notwithstanding the foregoing, the exact principal amount of each maturity, or the exact amount of each Sinking Fund Installment, the maturity dates, and the interest rates of the 2014 Series Two Bonds shall be fixed and determined by the Chairman or the Executive Director at the time the 2014 Series Two Bonds are sold pursuant to Section 210 hereof but subject to the limitations set forth in Section 201 hereof.

Section 204 - Interest Payments.

The 2014 Series Two Bonds shall bear interest from their dated date. The first interest payment date shall be December 1, 2014 (or such other date as may be fixed and determined by the Chairman or the Executive Director); thereafter, interest on the 2014 Series Two Bonds shall be payable on the 1st days of June and December (or such other months as may be fixed and determined by the Chairman or the Executive Director), computed on the basis of a 360-day year composed of twelve thirty-day months.

Section 205 - Denominations, Numbers and Other Designation.

The 2014 Series Two Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of the 2014 Series Two Bonds authorized herein. The 2014 Series Two Bonds shall be numbered serially with any additional designation that the Bank deems appropriate.

## Section 206 - Securities Depository.

(1) The 2014 Series Two Bonds shall be registered initially in the name of "Cede & Co.," as nominee of Depository Trust Company ("DTC"), and shall be issued initially in the form of a single bond for each maturity in the amount of such maturity. Registered ownership of the 2014 Series Two Bonds or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository or such substitute depository's successor; or (iii) to any person as provided in paragraph (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Bank that it is no longer in the best interest of Beneficial Owners to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Bank may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Trustee shall, upon receipt of all Outstanding 2014 Series Two Bonds, together with a written request of an Authorized Officer and a supply of new 2014 Series Two Bonds authenticate a single new 2014 Series Two Bond for each maturity of 2014 Series Two Bonds then Outstanding, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Bank determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the ownership of 2014 Series Two Bonds may then be transferred to any person or entity as provided in the Resolution and such 2014 Series Two Bonds shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to issue 2014 Series Two Bonds as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2014 Series Two Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2014 Series Two Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(5) For so long as the 2014 Series Two Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) as the sole

and exclusive registered owner of the 2014 Series Two Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2014 Series Two Bonds, selecting such 2014 Series Two Bonds, or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of such 2014 Series Two Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Bank nor the Trustee shall be affected by any notice to the contrary. Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2014 Series Two Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any Depository Trust Company Participant of any amount in respect of the principal or Redemption Price of or interest on the 2014 Series Two Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any Depository Trust Company Participant of any person to receive payment in the event of a partial redemption of the 2014 Series Two Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from money available under the Resolution all principal and Redemption Price of and interest on 2014 Series Two Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Bank's obligations with respect to the principal or Redemption Price of and interest on the 2014 Series Two Bonds to the extent of the sum or sums so paid.

#### Section 207 - Places and Manner of Payment.

For so long as all Outstanding 2014 Series Two Bonds are registered in the name of Cede & Co. or its registered assigns, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time. (Details regarding the current DTC Book-Entry-Only Issuance practices are included in Exhibit A attached hereto.) In the event that the 2014 Series Two Bonds are no longer registered in the name of Cede & Co. or its registered assigns, (i) payment of interest on the 2014 Series Two Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the bond register on the Record Date of the Bank kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2014 Series Two Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal of the 2014 Series Two Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2014 Series Two Bonds representing such principal. Both principal of and interest on the 2014 Series Two Bonds are payable in any coin or currency of the United States of America

which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Section 208 - Optional Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2014 Series Two Bonds and shall cause any such provisions to be included in the form of the 2014 Series Two Bonds.

Section 209 - Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the mandatory redemption provisions, if any, for the 2014 Series Two Bonds and shall cause any such provisions to be included in the form of the 2014 Series Two Bonds.

Section 210 - Sale of 2014 Series Two Bonds.

The Chairman or the Executive Director are, and each of them is, hereby authorized to cause the 2014 Series Two Bonds to be sold at public sale on a date not later than 120 days from the date of approval of this Resolution in accordance with the form of the Official Notice of Sale and Bidding Instructions (the "Notice of Sale") attached to this Resolution as Exhibit B which is approved in substantially the form presented. The Chairman or the Executive Director are, and each of them is, hereby authorized to reduce the total amount of 2014 Series Two Bonds authorized to be sold and to adjust the maturity of the 2014 Series Two Bonds as may be otherwise determined to be necessary or desirable.

The bid proposal of the successful bidder shall be: (i) received at the time and place stated in the Notice of Sale of the 2014 Series Two Bonds; (ii) in regular form and order and accompanied by a good faith deposit properly drawn to the order of the Alaska Municipal Bond Bank in an amount equal to approximately 1% of the principal amount of 2014 Series Two Bonds to be sold, or a financial surety bond from an insurance company licensed to issue such bond in the State of Alaska; and (iii) the bid with the lowest true interest cost (not to exceed five percent (5%)) determined pursuant to the Notice of Sale. The amount of the good faith deposit shall be in the form of a check properly drawn to the order of the Alaska Municipal Bond Bank, or a financial surety bond from an insurance company licensed to issue such bond in the State of Alaska and preapproved by the Bank. The amount of the good faith deposit received by the Bank from the successful bidder under the terms of the Notice of Sale for the 2014 Series Two Bonds shall be deposited by the Bank with such bank or banks as the Chairman or the Executive Director shall designate in a special trust account

established for that purpose. The interest earned on such deposit shall be applied in accordance with the terms of the Notice of Sale; provided that upon delivery of the 2014 Series Two Bonds any such interest retained by the Bank shall be deposited in the Bank's general operating fund. The authority granted to the Chairman and the Executive Director under this Section 210 shall expire 120 days from the date of approval of this 2014 Series Two Resolution.

#### Section 211 - Official Statement.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the final form of, and the distribution to prospective purchasers and other interested persons of, the preliminary Official Statement of the Bank for the 2014 Series Two Bonds in the form submitted to and part of the records of the meeting, with such changes as the Chairman or the Executive Director shall deem advisable. The Chairman and the Executive Director are hereby further authorized to approve the final form of the Official Statement. The distribution of the preliminary Official Statement and the Official Statement, as approved by the Chairman or the Executive Director, in connection with the offering of the 2014 Series Two Bonds is hereby ratified, confirmed and approved.

There is hereby delegated to the Chairman or the Executive Director the power to deem the preliminary Official Statement final on behalf of the Bank for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

### ARTICLE III DISPOSITION OF BOND PROCEEDS

#### Section 301 - Disposition of Proceeds for Loan Purposes.

Upon the delivery of the 2014 Series Two Bonds the Bank shall, in accordance with Article V of the Resolution, apply a portion of the proceeds derived from the sale of the 2014 Series Two Bonds to the making of a (i) Loan to the City of Ketchikan, Alaska, in the principal amount not to exceed \$46,000,000, to be used to finance certain hospital and harbor capital improvements; and (ii) Loan to the City of King Cove, Alaska, in the principal amount not to exceed \$1,500,000 to be used to finance, and refinance, hydroelectric capital improvements.

#### Section 302 - Reserve Fund Deposit.

Upon the delivery date of the 2014 Series Two Bonds, the Bank shall deposit into the Reserve Fund cash or a portion of the proceeds derived from the sale of the 2014 Series Two Bonds sale, subject to Section 201 hereof. The Chairman or the Executive Director are each hereby authorized to determine whether it is in the best interest of the

Bank to use available cash or proceeds from the 2014 Series Two Bonds for purposes of making a deposit into the Reserve Fund, which amount, together with other available funds, if any, will be the amount necessary to make the total amount in the Reserve Fund equal to the Required Debt Service Reserve upon delivery of the 2014 Series Two Bonds.

Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds of the sale of the 2014 Series Two Bonds representing any premium received over the principal amount of the 2014 Series Two Bonds after deducting the amounts to be paid for costs of issuing the 2014 Series Two Bonds, amounts necessary to ensure the deposit to the Reserve Fund equals the Required Debt Service Reserve, and after deducting the amount allocable to the Reserve Obligations, if any, which amount shall be deposited in the Reserve Fund, shall be deposited with the Governmental Units and applied towards costs of issuance and debt service payments due and owing on their respective Municipal Bonds (as such term is defined in the Loan Agreement) or any other permitted purpose.

ARTICLE IV  
EXECUTION AND FORM OF 2014 SERIES TWO BONDS

Section 401 - Execution and Form of 2014 Series Two Bonds.

The 2014 Series Two Bonds shall be executed in the manner set forth in Section 303 of the Resolution. Subject to the provisions of the Resolution, the 2014 Series Two Bonds, and the Trustee's certificate of authentication, shall be of substantially the following form and tenor:

ALASKA MUNICIPAL BOND BANK  
GENERAL OBLIGATION BONDS, 2014 SERIES TWO

INTEREST RATE: \_\_\_\_\_%                      MATURITY DATE: \_\_\_\_\_, 20\_\_\_\_                      CUSIP NO.: \_\_\_\_\_

Registered Owner: CEDE & Co.

Principal Amount: \_\_\_\_\_ and No/100 Dollars

Alaska Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Alaska, organized and existing under and pursuant to the laws of the State of Alaska, acknowledges itself indebted to, and for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum specified above on the Maturity Date specified

above, and to pay to the registered owner hereof interest on such principal sum from the date hereof to the date of maturity of this Bond at the rate per annum specified above, payable \_\_\_\_\_1, 20\_\_\_, and semi-annually on the 1st day of \_\_\_\_\_ and on the 1st day of \_\_\_\_\_ thereafter. For so long as this Bond is held in book-entry form, payment of principal and interest shall be made by wire transfer to the registered owner pursuant to written instructions furnished to The Bank of New York Mellon Trust Company, N.A., in San Francisco, California, as Trustee under the General Bond Resolution of the Bank, adopted July 13, 2005, as amended August 19, 2009 (herein called the "Resolution"), or its successor or assigns as Trustee (herein called the "Trustee"). In the event this Bond is no longer held in book-entry form, (i) payment of interest will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Bank kept by the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2014 Series Two Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal will be payable upon presentation and surrender hereof at the corporate trust office of the Trustee. Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is a general obligation of the Bank and is one of a duly authorized issue of Bonds of the Bank designated "Alaska Municipal Bond Bank Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the Alaska Municipal Bond Bank Act, constituting Chapter 85, Title 44, of the Alaska Statutes (herein called the "Act"), and under and pursuant to the Resolution and a series resolution authorizing each such series. As provided in the Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution and the Act, and all Bonds issued and to be issued under said Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is one of a series of Bonds (the "2014 Series Two Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted May \_\_, 2014, and entitled: "A Series Resolution Authorizing the Issuance of General Obligation Bonds, 2014 Series Two, of the Alaska Municipal Bond Bank" (said resolutions being herein collectively called the "Resolutions").

Copies of the Resolutions are on file at the office of the Bank and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2014 Series Two Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2014 Series Two Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and may be issued thereunder; to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Bank, with the written consent of the registered owners of at least two-thirds in principal amount of the Bonds then outstanding and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the registered owners of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding.

The 2014 Series Two Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2014 Series Two Bonds maturing on and after \_\_\_\_\_ 1, 20\_\_, are subject to redemption, in whole or in part, on or after \_\_\_\_\_ 1, 20\_\_, at the option of the Bank at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 2014 Series Two Bonds maturing on \_\_\_\_\_ 1, 20\_\_ (the "Term Bonds") are subject to redemption on \_\_\_\_\_ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2014 Series Two Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bonds Due \_\_\_\_\_ 1, 20\_\_

<u>Year</u>	<u>Sinking Fund Requirement</u>
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Notice of redemption will be mailed to owners of 2014 Series Two Bonds called for redemption not less than 30 days nor more than 60 days before the redemption date. Interest on any 2014 Series Two Bonds called for redemption will cease on the redemption date.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Bank kept for that purpose at the corporate trust office of the Trustee, by the

registered owner hereof in person or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered 2014 Series Two Bond or Bonds in the same aggregate principal amount and of the same maturity, in authorized denominations, shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed.

The 2014 Series Two Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2014 Series Two Bonds maturing in the year of maturity of the Bond for which the denomination of the Bond is to be specified. Subject to such conditions and upon payment of such charges, if any, 2014 Series Two Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered 2014 Series Two Bonds of any other authorized denominations, of the same maturity.

The Bank is obligated to pay the principal of and interest on the 2014 Series Two Bonds only from revenues or funds of the Bank, and the State of Alaska is not obligated to pay such principal of or interest on the 2014 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the payment of the principal of or the interest on the 2014 Series Two Bonds.

This Bond is fully negotiable for all purposes of the Uniform Commercial Code, and each owner of this Bond by accepting this Bond shall be conclusively considered to have agreed that this Bond is fully negotiable for those purposes.

Neither a member of the Bank nor any person executing the 2014 Series Two Bonds shall be liable personally on the 2014 Series Two Bonds by reason of the issuance thereof.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

The Bank modified the Resolution, effective on the date when all Bonds issued prior to February 19, 2013 cease to be Outstanding, by: (i) authorizing the Trustee to release to the Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve; (ii) requiring the Trustee to withdraw earnings and profits realized in the Reserve Fund, and to provide such amounts to the Bank on or before June 30 of each year so long as

the balance therein equals the Required Debt Service Reserve; (iii) authorizing certain amendments and modifications to the Resolution effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding; and (iv) providing that an underwriter or purchaser of a Series of Bonds may consent to a modification of, or amendment to, the Resolution as Holder of such Bonds at the time such Bonds are issued.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Alaska and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2014 Series Two Bonds, together with all other indebtedness of the Bank, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Municipal Bond Bank has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director all as of the \_\_\_\_ day of \_\_\_\_\_ 2014.

ALASKA MUNICIPAL BOND BANK

[ S E A L ]

\_\_\_\_\_  
Chairman

A T T E S T:

\_\_\_\_\_  
Executive Director

## TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2014 Series Two Bonds of the Alaska Municipal Bond Bank.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Trustee

Date of Authentication:

\_\_\_\_\_  
Authorized Officer

### ARTICLE V MISCELLANEOUS

#### Section 501 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., San Francisco, California, or its successor or assigns, is appointed paying agent for the 2014 Series Two Bonds.

#### Section 502 - Arbitrage Rebate.

Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of the 2014 Series Two Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bank shall determine the Excess Investment Earnings and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code and the applicable Income Tax Regulations.

#### Section 503 - 2014 Series Two Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the "2014 Series Two Debt Service Account," for the purpose of receiving amounts in the Debt Service Fund allocable to the 2014 Series Two Bonds. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2014 Series Two Debt Service Account.

#### Section 504 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2014 Series Two Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103

and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2014 Series Two Bonds to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

#### Section 505 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2014 Series Two Bonds which will cause the 2014 Series Two Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. The Bank hereby covenants that so long as any of the 2014 Series Two Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2014 Series Two Bonds, shall comply with all requirements of said Section 148 and of all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

#### Section 506 - Resolution Clarification.

It shall hereby be clarified that the Resolution, at Section 919, shall only apply to Bonds issued on a tax-exempt basis.

#### Section 507 - Loan Agreement.

The Chairman or the Executive Director are each hereby authorized to execute the Loan Agreement between the Bank and the herein referred to Governmental Units, in a form similar to the form submitted to and part of the records of the meeting of May 7, 2014, with such changes as the Chairman or the Executive Director shall deem advisable.

#### Section 508 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate attached hereto as Exhibit C. Notwithstanding any other provision of this 2014 Series Two Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be considered a default of the Bank's obligations under this 2014 Series Two Resolution, the Resolution or the 2014 Series Two Bonds; however, the Beneficial Owner of any Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under this Section.

Section 509 - Chairman and Executive Director.

The Chairman and the Executive Director are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2014 Series Two Resolution and to effectuate the issuance and delivery of the 2014 Series Two Bonds. The authority granted in this Section 509 to the Chairman and the Executive Director includes authorization to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of the Bonds and thereafter to accept such commitment which is in the best interest of the Bank and enter into such agreement with the bond insurer as shall be in the best interests of the Bank.

Section 510 - Effective Date.

This 2014 Series Two Resolution shall take effect immediately on the date hereof (May 7, 2014).

EXHIBIT A

BLANKET ISSUER LETTER OF REPRESENTATIONS

Blanket Issuer Letter of Representations  
[To be Completed by Issuer]

ALASKA MUNICIPAL BOND BANK  
(Name of Issuer)

May 2, 1995  
(Date)

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

ALASKA MUNICIPAL BOND BANK  
(Issuer)

By: Norman J. Levesque  
(Authorized Officer's Signature)  
NORMAN J. LEVESQUE  
Executive Director

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: James G. Hickey

**SAMPLE OFFERING DOCUMENT LANGUAGE**  
**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable  
only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## EXHIBIT B

Form of:

### OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS  
ALASKA MUNICIPAL BOND BANK  
\$ \_\_\_\_\_ \* GENERAL OBLIGATION BONDS  
2014 SERIES TWO

#### THE SALE

Bonds Offered for Sale by Competitive Bidding. The Alaska Municipal Bond Bank (the "Bond Bank") is offering for sale its \$ \_\_\_\_\_ \* General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds").

Manner of Submission of Bids. All bids for the 2014 Series Two Bonds must be submitted in their entirety on Parity ("**Parity**") pursuant to this Official Notice of Sale between 9:30 a.m. and 10:00 a.m. Pacific Time, on Tuesday, June 10, 2014; no bid will be received after the time for receiving bids specified.

No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, telegraph, personal delivery, etc) of bids will be accepted. **If any provision of this Official Notice of Sale conflicts with information provided by Parity, this Official Notice of Sale shall control.**

For further information about submitting a bid using **Parity**, potential bidders may contact Chip Pierce, Western Financial Group, LLC (the "Financial Advisor") at Telephone: (503) 719-6113 or **Parity** at Telephone: (212) 849-5021. Bidders electing to submit bids through **Parity** must obtain access to the **Parity** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

By submitting a bid for the 2014 Series Two Bonds, a prospective bidder represents and warrants to the Bond Bank that such Bidder's bid for the purchase of the 2014 Series Two Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the 2014 Series Two Bonds.

Award of the 2014 Series Two Bonds. The Bond Bank will notify the responsible bidder complying with the terms of this Official Notice of Sale and offering to purchase the 2014 Series Two Bonds at the lowest true interest cost to the Bond Bank of the award the 2014 Series Two Bonds (or all bids will be rejected) by 2:00 p.m. Pacific Time on Tuesday, June 10, 2014. Final award to the apparent winner (or rejection of all bids) will be made within 24 hours of the bid opening.

Basis of Award. The 2014 Series Two Bonds will be awarded to the bidder whose proposal produces the lowest true interest cost. The true interest cost will be that annual interest rate, which, when compounded semiannually and used to discount all payments of principal and interest payable on the 2014 Series Two Bonds under such proposal to the date of delivery, results in an amount equal to the purchase price for the 2014 Series Two Bonds. If two or more bids provide the same lowest true interest cost, the Bond Bank shall determine, in its sole discretion, which bid shall be accepted, and such determination shall be final.

\* Preliminary, subject to change.

Right of Rejection. The Bond Bank reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any actions adjourning or postponing the sale of the 2014 Series Two Bonds or to take any other action that the Bond Bank may deem to be in its best interest. In the event that the Bond Bank rejects all bids, notice of a new sale date, if any, will be carried on the Amendments page of the **Parity** website.

### **THE 2014 SERIES TWO BONDS**

Bond Details. The 2014 Series Two Bonds will be dated the date of delivery and will bear interest from their dated date, payable on December 1, 2014, and semi-annually thereafter on June and December of each year. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The 2014 Series Two Bonds will mature on June 1 in the years and in the principal amounts, as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2015		2030	
2016		2031	
2017		2032	
2018		2033	
2019		2034	
2020		2035	
2021		2036	
2022		2037	
2023		2038	
2024		2039	
2025		2040	
2026		2041	
2027		2042	
2028		2043	
2029		2044	

\* - Preliminary, subject to change. See “Adjustment of Maturities.”

Adjustment of Maturities. The Bond Bank reserves the right to adjust the principal amount of each maturity as may be necessary in order to produce level debt service on the underlying loans. The principal amount of any maturity of the 2014 Series Two Bonds shall only be adjusted in increments of \$5,000. Notice of any adjustment shall be provided within two hours of the time at which bids are opened through Parity. The Bond Bank will attempt to maintain the underwriter compensation as a percentage of the final par amount of the bonds when adjusting the maturities. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the revised amounts within these limits.

Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption. Bidders have the option of specifying in their bid proposal that all of the principal amount of the 2014 Series Two Bonds scheduled in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the 2014 Series Two Bonds (the “Term Bonds”) scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder shall be subject to mandatory sinking fund redemption at par in the principal amounts in each year during the combined period of such Term Bonds, which would otherwise have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

Immobilization of the 2014 Series Two Bonds. The 2014 Series Two Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the 2014 Series Two Bonds, and immobilized in the custody of DTC which will act as securities depository for the 2014 Series Two Bonds. A book-entry system will be employed by DTC evidencing ownership of the 2014 Series Two Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

Principal of and interest on the 2014 Series Two Bonds will be payable at maturity to DTC or its nominee as registered owner of the 2014 Series Two Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the "Participants"), and other nominees of beneficial owners. The Bond Bank will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or a Participant of principal of or interest on the 2014 Series Two Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the 2014 Series Two Bonds.

Optional Redemption. The 2014 Series Two Bonds maturing on or after June 1, 2025, are subject to redemption at the option of the Bond Bank in whole or in part on any date on or after June 1, 2024, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Security for the 2014 Series Two Bonds. The 2014 Series Two Bonds are general obligations of the Bond Bank payable only from revenues or funds of the Bond Bank. The Bond Bank has no taxing power. The State of Alaska is not liable for payment on the 2014 Series Two Bonds, and such 2014 Series Two Bonds are not a debt of the State of Alaska. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for payment of the 2014 Series Two Bonds.

The security for the 2014 Series Two Bonds is described in the Preliminary Official Statement and the 2005 General Bond Resolution and Series Resolution, and those documents should be consulted for a complete description of the security for the 2014 Series Two Bonds.

Bond Insurance At Bidder's Option And Expense. Bidders may elect to insure the 2014 Series Two Bonds at the bidders' risk and expense. The Trustee will only enter into agreements to comply with the administrative requirements of the bond insurer; **the Bond Bank will not amend the general bond resolution, series resolution or the loan agreements.** The Bond Bank will pay the fee for a rating from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings, regardless of whether the 2014 Series Two Bonds are insured. Failure of a bond insurer to provide insurance for the 2014 Series Two Bonds will not release the successful bidder from its obligation to purchase the 2014 Series Two Bonds. If the Bond Bank selects a bid that is based on providing insurance on the 2014 Series Two Bonds, then the Official Statement and other documents relating to the 2014 Series Two Bonds will be amended accordingly. However, no additional security beyond that described in the Preliminary Official Statement will be allowed.

Interest Rates and Bid Price. The 2014 Series Two Bonds will be sold in one block on an "all or none" basis, and **at a price of not less than one hundred percent (100%) of the principal amount of the 2014 Series Two Bonds. No serial or term bond maturity may bear a price of less than ninety-seven (97%).** Bidders must specify the rate(s) of interest to be borne by the 2014 Series Two Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%). The highest interest rate bid may not exceed 5.00%. No limitation is imposed upon bidders as to the number of rates which may be used, except that all 2014 Series Two Bonds of one maturity must bear one and the same interest rate. **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the true interest cost to the Bond Bank, and in all cases the insurance premium will be paid by the bidder.**

Good Faith Deposit. The successful bidder will be required to provide a good faith deposit in the amount of \_\_\_\_\_ Dollars (\$) \_\_\_\_\_ in immediately available funds wired to the Bond Bank's Trustee not later than 2:00 p.m. (Prevailing Pacific Time) on June 10, 2014. Wire information will be provided to the successful bidder by the Financial Advisor upon bid award.

The Good Faith Deposit will be held by the Trustee, on behalf of the Bond Bank, to ensure the successful bidder's compliance with the terms of its bid and the Official Notice of Sale and Bidding Instructions, and will be applied to the purchase price on the date of delivery of the 2014 Series Two Bonds. Pending delivery of the 2014 Series Two Bonds, the good faith deposit may be invested for the sole benefit of the Bond Bank. In the event the successful bidder should fail or refuse to take up and pay for the 2014 Series Two Bonds in accordance with its bid, then said amount shall be accepted by the Bond Bank as full and complete liquidated damages.

Postponement. The Bond Bank reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected by 8:00 a.m. Pacific Time on June 10, 2014 by a Statement of Postponement carried on the Amendments page of **Parity** and on the Munifacts system (the "Statement of Postponement"). At the same time or within 48 hours following the Statement of Postponement the Bond Bank may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

Delivery. It is expected that the 2014 Series Two Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about June 19, 2014, and closing will take place on the same date in Seattle, Washington or at another location specified by the Bond Bank. The successful bidder will be required to provide the Bond Bank by 12:00 p.m. (noon) Pacific Time on June 10, 2014 with information as to the initial offering price of the 2014 Series Two Bonds to the public (excluding bond-houses and brokers) at which a substantial amount of the 2014 Series Two Bonds were sold and the insurance premium (if purchased by the bidder). Such information must be confirmed with a certificate, dated the date of closing of the 2014 Series Two Bonds, in form and substance satisfactory to Bond Counsel, **showing that at least 10% of each maturity of the 2014 Series Two Bonds was sold, or were reasonably expected to be sold, to the public at initial public offering prices not exceeding the prices of the 2014 Series Two Bonds set forth in the initial statement of such prices.**

There will be furnished to the successful bidder without cost, the executed 2014 Series Two Bonds to be delivered to DTC or its agent and the usual closing documents dated as of the date of delivery of and payment for the 2014 Series Two Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the 2014 Series Two Bonds.

The Bond Bank will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chair and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the Bond Bank and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Payment. The successful bidder shall make full payment of the purchase price of the 2014 Series Two Bonds to the Bond Bank at the time of delivery in Federal Funds or other immediately available funds without cost to the Bond Bank.

Tax-Exempt Status. The opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, will state that, based on an analysis of existing statutes, regulations, published rulings and judicial decisions, and assuming, among other things, compliance by the Bond Bank and the Governmental Units with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the

federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2014 Series Two Bonds is taken into account in the computation of adjusted current earnings for purposes of the federal corporate alternative minimum tax. For further information as to tax exemption, please refer to the Preliminary Official Statement.

Legal Opinion. The opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, approving the validity of the 2014 Series Two Bonds, will be furnished upon delivery of the 2014 Series Two Bonds.

CUSIP Numbers. CUSIP identification numbers will be printed on the 2014 Series Two Bonds, but neither the failure to print such number on any 2014 Series Two Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or refuse to accept delivery of and pay for the 2014 Series Two Bonds. No liability shall attach to the Bond Bank or any officer or agent thereof, including any paying agent or registrar for the 2014 Series Two Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

Continuing Disclosure Undertaking. The Bond Bank covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Bond Bank for the benefit of the beneficial owners of the 2014 Series Two Bonds on or before the date of delivery of the 2014 Series Two Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Bond Bank will undertake to provide certain annual financial information, and the Bond Bank will undertake to provide notices of certain events with respect to the 2014 Series Two Bonds. A description of these undertakings is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Modification. The Bond Bank reserves the right to modify any term of this Official Notice of Sale, or the Preliminary Official Statement by notice on the Amendments Page of **Parity** and sent by the MuniFacts system no later than 5:00 p.m., Eastern Standard Time, on June 9, 2014 (or, in the event of a postponement in accordance herewith, the day prior to the reset bid date).

Additional Information. Additional information and a Preliminary Official Statement relating to the 2014 Series Two Bonds and an Official Bid Form for the 2014 Series Two Bonds may be obtained from Chip Pierce, Western Financial Group, LLC, 3300 NW 185th Ave., #270, Portland, Oregon 97229, (503) 719-6113 or from Deven J. Mitchell, Alaska Municipal Bond Bank, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3750.

The Preliminary Official Statement, referred to above, as of its dated date is "deemed final" by the Bond Bank for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion in the form of a final Official Statement.

By awarding the 2014 Series Two Bonds to any underwriter or underwriting syndicate submitting a bid, the Bond Bank agrees that within seven (7) business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 200 copies of the final Official Statement will be furnished without cost.

The Bond Bank designates the senior managing underwriter of the syndicate to which the 2014 Series Two Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the 2014 Series Two Bonds agrees thereby that if its bid is accepted by the Bond Bank, (i) it shall accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the 2014 Series Two Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) it

agrees to file, or cause to be filed, within one business day following the receipt from the Bond Bank, the final Official Statement with a the Municipal Securities Rulemaking Board.

DATED: May 29, 2014

ALASKA MUNICIPAL BOND BANK

By \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

## EXHIBIT C

### CONTINUING DISCLOSURE CERTIFICATE

Alaska Municipal Bond Bank (the "Issuer") executes and delivers this Continuing Disclosure Certificate (the "Disclosure Certificate") in connection with the issuance of \$\_\_\_\_\_ Alaska Municipal Bond Bank General Obligation Bonds, 2014 Series Two (the "Bonds"). The Bonds are being issued under the General Bond Resolution of the Bank entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution"), and Series Resolution No. 2014-02 adopted on \_\_\_\_\_, 2014 (the "Series Resolution," and together with the General Bond Resolution, the "Resolutions"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. The Issuer is executing and delivering this Disclosure Certificate for the benefit of the Beneficial Owners of the Bonds, and to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"Fiscal Year" means the fiscal year of the Issuer (currently the 12-month period ending June 30), as such fiscal year may be changed from time to time as required by State law.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Section 3. Provision of Annual Reports and Financial Statements. Commencing with its Fiscal Year ending June 30, 2014, the Issuer will provide to the MSRB, in a format as prescribed by the Rule:

(a) Not later than 210 days after the end of each Fiscal Year, an Annual Report for the Fiscal Year. The Annual Report shall contain or incorporate by reference: (i) annual audited financial statements of the Issuer; (ii) a statement of authorized, issued and outstanding bonded debt of the Issuer; (iii) the Reserve Fund balance and the estimated Required Debt Service Reserve under the Resolutions; and (iv) for each of the Governmental Units that has outstanding with the Issuer an amount of Bonds equal to or greater than ten percent (10%) of all Outstanding Bonds under the General Bond Resolution as of the last day of the Fiscal Year of the Issuer, statistics regarding such Governmental Units similar to those found in Appendix \_\_\_ to the Official Statement. Any or all of these items may be included by specific reference to documents available to the public or the internet website of the MSRB or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that audited financial statements may be submitted separately from the remainder of the Annual Report.

(b) Not later than 120 days after the end of each Fiscal Year, the Issuer will notify each Governmental Unit, who has, or had, an amount of Bonds equal to or greater than ten percent of all Bonds Outstanding under the General Bond Resolution, of its continuing disclosure undertaking responsibility. A list of Governmental Units deemed Obligated Persons for the prior Fiscal Year will be included in the Annual Report.

Section 4. Notice of Failure to Provide Information. The Issuer shall provide in a timely manner to the MSRB notice of any failure to satisfy the requirements of Section 3 of this Disclosure Certificate.

Section 5. Reporting of Significant Events. (a) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds which include (i) the issuance by the Internal Revenue Service ("IRS") of proposed or final determinations of taxability, (ii) Notices of Proposed Issues (IRS Form 5701-TEB), (iii) other material notices or determinations with respect to the Bonds, and (iv) other events affecting the tax status of the Bonds.

(6) Defeasances.

(7) Rating changes.

(8) Tender offers.

(9) Bankruptcy, insolvency, receivership or similar proceeding by the Issuer or "obligated person."

(b) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event, if material:

(1) Nonpayment-related defaults.

(2) Modifications to rights of holders of the Bonds.

(3) Bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event.

(4) Release, substitution or sale of property securing repayment of the Bonds.

(5) Other than in the normal course of business, the consummation of a merger, consolidation, or acquisition involving an "obligated person," or the sale of all or substantially all of the assets of the Issuer or "obligated person," or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms.

(6) Appointment of a successor or additional trustee or the change in name of the trustee for the Bonds.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, provided that the amendment meets each of the following conditions:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances;

(c) The Issuer obtains an opinion of counsel unaffiliated with the Issuer that the amendment does not materially impair the interests of the Beneficial Owners of the Bonds; and

(d) The Issuer notifies and provides the MSRB with copies of the opinions and amendments.

Any such amendment may be adopted without the consent of any Beneficial Owner of any of the Bonds, notwithstanding any other provision of this Disclosure Certificate or the Resolutions.

The first Annual Report containing amended operating data or financial information pursuant to an amendment of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

Section 8. Filing Alternative. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at <http://www.emma.msrb.org>, or in such other manner as may be permitted from time to time by the Securities Exchange Commission.

Section 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance,

to cause the Issuer to comply with its obligations under this Disclosure Certificate. No failure to comply with any provision of this Disclosure Certificate shall be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel specific performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 11. Prior Compliance. The Issuer is in compliance with all of its prior undertakings pursuant to the Rule.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2014.

ALASKA MUNICIPAL BOND BANK

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DEVEN J. MITCHELL  
Executive Director

**FORM OF  
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the \_\_\_ day of June, 2014, between the Alaska Municipal Bond Bank (the "Bank"), a body corporate and politic constituted as an instrumentality of the State of Alaska (the "State") exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the "Act"), having its principal place of business at Juneau, Alaska, and the [City] [Borough], Alaska, a duly constituted \_\_\_\_\_ [City] [Borough] of the State (the "[City] [Borough]"):

W I T N E S S E T H:

WHEREAS, pursuant to the Act, the Bank is authorized to make loans of money (the "Loan" or "Loans") to governmental units; and

WHEREAS, the [City] [Borough] is a Governmental Unit as defined in the General Bond Resolution of the Bank hereinafter mentioned and pursuant to the Act is authorized to accept a Loan from the Bank to be evidenced by its municipal bonds; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount of not to exceed \$\_\_\_\_\_ and has submitted an application to the Bank for a Loan in the amount of not to exceed \$\_\_\_\_\_, and the [City] [Borough] has duly authorized the issuance of its fully registered bond in the aggregate principal amount of \$\_\_\_\_\_ (the "Municipal Bond"), which bond is to be purchased by the Bank as evidence of the Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the [City] [Borough] contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank in order to obtain from time to time money with which to make Loans, the Bank has adopted the General Obligation Bond Resolution on July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution") and Series Resolution No. 2014-02, approved on May \_\_, 2014 (together with the General Bond Resolution, the "Bond Resolution"), authorizing the making of such Loan to the [City] [Borough] and the purchase of the Municipal Bond; and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding.

NOW, THEREFORE, the parties agree:

1. The Bank hereby makes the Loan and the [City] [Borough] accepts the Loan in the aggregate principal amount of \$ \_\_\_\_\_. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby sells to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A appended hereto.

2. The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. \_\_\_\_\_, adopted on \_\_\_\_\_, 20\_\_ (the "[City] [Borough] [Ordinance] [Resolution]"), and has taken or will take all proceedings required by law to enable it to enter into this Loan Agreement and issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

3. Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the "Municipal Bond Interest Payments") shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the "Loan Obligations") and shall be paid by the [City] [Borough] at least seven (7) business days before the interest payment date so as to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the "Municipal Bond Principal Payments"), shall be paid at least seven (7) business days before the payment date stated in the Municipal Bond so as to provide funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A appended hereto.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

6. In the event Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of Loan Obligations, the Bank shall present to the [City] [Borough] for the [City's] [Borough's] approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the

General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) business days prior to the date indicated on Exhibit A appended hereto, and thereafter on the anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) business days prior to the date indicated on Exhibit A appended hereto, and to pay any Fees and Charges imposed by the Bank within 30 days of receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' notice of intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations are to be redeemed, shall be the applicable premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the \_\_\_\_\_] of the [City] [Borough].

11. Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Alaska 99\_\_\_\_. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' written notice of any change in such address.

12. [The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$\_\_\_\_\_) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of \_\_\_\_\_ percent. **(Applies to revenue bonds only.)**

**13. [Rate covenant language – if applicable.]**

14. The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

15. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds") and receipt of the proceeds thereof.

17. The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within 30 days from the date thereof.

18. The [City] [Borough] shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond which will cause the Municipal Bond to be an "arbitrage bond" under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of said Section 148 and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City's] [Borough's] use or investment of the proceeds of the Municipal Bond.

19. The [City] [Borough] agrees that if it is one of the Governmental Units that has a ten percent or greater amount of outstanding bonds held by the Bank under its

General Bond Resolution, it shall execute a continuing disclosure agreement for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934, and provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D, under the heading "Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 General Bond Resolution," to the Official Statement and attached hereto as Exhibit B.

20. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

21. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

22. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

23. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

24. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

**DRAFT: 4/28/14**

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement the day and year first above written.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

[CITY] [BOROUGH] OF \_\_\_\_\_,  
ALASKA

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT A

\$ \_\_\_\_\_  
[City] [Borough], Alaska  
[General Obligation] [Revenue] Bond, 20\_\_[\_]  
("Municipal Bond")

Due	Principal	Interest
_____ 1	<u>Amount</u>	<u>Rate</u>

Principal installments shall be payable on \_\_\_\_\_ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on \_\_\_\_\_ 1, 20\_\_, and thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year.

Prepayment Provisions: The Municipal Bond is not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal payments due on or after \_\_\_\_\_ 1, 20\_\_ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after \_\_\_\_\_ 1, 20\_\_, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

**EXHIBIT B**

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2014**

**New Issue**  
**Book-Entry Only**  
**Competitive Sale: June 10, 2014**

**Fitch Rating: \_\_\_**  
**Moody's Rating: \_\_\_**  
**Standard & Poor's Rating: \_\_\_**  
**(See "Ratings" herein.)**

*In the opinion of Bond Counsel, based on an analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other things, compliance by the Bond Bank and the Governmental Units with covenants relating to certain requirements in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2014A Series One Bonds is excludable from gross income of owners thereof for federal income tax purposes. Interest on the 2014A Series One Bonds is not treated as a tax preference item for purposes of either the individual or corporate alternative minimum tax. However, interest on the 2014A Series One Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. Interest on the 2014B Series One Bonds is not excludable from gross income of the owners thereof for federal tax purposes. See "TAX MATTERS" herein.*

**\$42,475,000\***

**Alaska Municipal Bond Bank**  
**General Obligation Bonds, 2014 Series Two**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$42,475,000 principal amount of General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds"). The 2014 Series Two Bonds initially will be issued as fully registered bonds, in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2014 Series Two Bonds. Individual purchases of the 2014 Series Two Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity of a sub-series. Purchasers of the 2014 Series Two Bonds will not receive certificates representing their beneficial ownership interests in the 2014 Series Two Bonds. Interest on the 2014 Series Two Bonds will accrue from the date of delivery of the 2014 Series Two Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each June 1 and December 1, commencing December 1, 2014.

The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, as the Trustee and Paying Agent for the 2014 Series Two Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "DESCRIPTION OF THE 2014 SERIES TWO BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2014 Series Two Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2014 SERIES TWO BONDS – Optional Redemption, – Mandatory Redemption."

The 2014 Series Two Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the punctual payment of the principal of and interest on the 2014 Series Two Bonds. The 2014 Series Two Bonds are equally and ratably secured by the pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the Bond Bank's 2005 General Bond Resolution on a parity with other Bonds of the Bond Bank heretofore or hereafter issued under the 2005 General Bond Resolution. The 2014 Series Two Bonds are the twenty-ninth series of Bonds issued under the 2005 General Obligation Bond Resolution.

**The 2014 Series Two Bonds do not constitute a debt or other liability of the State of Alaska, and the 2014 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2014 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2014 Series Two Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2014 SERIES TWO BONDS."**

The 2014 Series Two Bonds will be offered when, as and if issued, subject to the approving legal opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, Bond Counsel. Certain legal matters will be passed upon for the Governmental Units by their respective bond counsel. It is expected that the 2014 Series Two Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York, on or about June 24, 2014.

\* - Preliminary, subject to change.

*This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

**\$42,475,000\***  
**Alaska Municipal Bond Bank**  
**General Obligation Bonds**  
**2014 Series Two**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<b>Due June 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>	<b>Due June 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>
2015	\$	%	%		2029	\$	%	%	
2016					2030				
2017					2031				
2018					2034				
2019					2035				
2020					2036				
2021					2037				
2022					2038				
2023					2039				
2024					2040				
2025					2041				
2026					2042				
2027					2043				
2028					2044				

\$ \_\_\_\_\_ % Term Bond due June 1, 20\_\_; yield \_\_. \_\_%  
 CUSIP Number 01179R \_\_\_\_

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\* - Preliminary, subject to change.

This Official Statement is furnished by the Bond Bank to provide information regarding the sale of the 2014 Series Two Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to the date hereof. No dealer, salesman or any other person has been authorized by the Bond Bank or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer, solicitation, or sale.

The information and expressions of opinion set forth in this Official Statement have been furnished by the Bond Bank and include information from other sources that the Bond Bank believes to be reliable. Neither this Official Statement nor any statement which may have been made orally is to be construed as a contract with the owners of any of the 2014 Series Two Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

**UPON ISSUANCE, THE 2014 SERIES TWO BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BOND BANK, WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2014 SERIES TWO BONDS FOR SALE. THE 2005 GENERAL BOND RESOLUTION WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.**

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**ALASKA MUNICIPAL BOND BANK**  
**333 Willoughby Avenue, 11th Floor**  
**P.O. Box 110405**  
**Juneau, Alaska 99811-0405**  
**(907) 465-2388**  
**<http://www.revenue.state.ak.us/treasury/ambba/>**

**Board of Directors**

Mark Pfeffer - Chair  
Luke Welles - Vice Chair  
Gregory Gurse - Member  
Susan Bell - Member  
(Ted Leonard - First Delegate to Susan Bell)  
Angela Rodell - Member  
(Pamela Leary - First Delegate to Angela Rodell)

**Executive Director**

Deven J. Mitchell

**Bond Counsel**

Wohlforth, Brecht & Cartledge  
Anchorage, Alaska

**Trustee**

The Bank of New York Mellon Trust Company, N.A.  
Seattle, Washington

**Financial Advisor**

Western Financial Group, LLC  
Portland, Oregon

The reference above to the Bond Bank's website is contact information provided only for convenience. The reference is not a hyperlink and, by this reference, the Bond Bank's website is not incorporated into this Official Statement.

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## **OFFICIAL STATEMENT**

**\$42,475,000\***

### **ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION BONDS 2014 SERIES TWO**

#### **INTRODUCTION**

This Official Statement is furnished by the Alaska Municipal Bond Bank (the "Bond Bank") to provide information regarding the Bond Bank in connection with the sale of its \$42,475,000\* principal amount of General Obligation Bonds, 2014 Series Two Bonds (the "2014 Series Two Bonds"). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the "Act"), for the primary purpose of lending money to Governmental Units in the State of Alaska (the "State") including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under "DEFINITIONS."

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2014 Series Two Bonds are further qualified by reference to the information with respect thereto contained in the 2005 General Obligation Bond Resolution, adopted by the Board of Directors of the Bond Bank on July 13, 2005, as amended on August 19, 2009 (the "2005 General Bond Resolution"), and Series Resolution No. 2014-\_\_ adopted by the Board of Directors of the Bond Bank on May 7, 2014 (the "Series Resolution," and together with the 2005 General Bond Resolution, the "Bond Resolution"). All bonds which are issued under and pursuant to the terms of the 2005 General Bond Resolution are hereafter referred to as the "Bonds." Any statements or information which include matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

Appendix D contains financial, economic and demographic summary information relating to the Governmental Units whose Municipal Bonds represent 10 percent or more of the Loan Obligations outstanding under the 2005 General Bond Resolution.

#### **PURPOSE OF THE 2014 SERIES TWO BONDS**

##### **Authorization and Purpose**

The 2014 Series Two Bonds are being issued pursuant to the terms of the Bond Resolution, and are the twenty-ninth series of Bonds issued under the 2005 General Bond Resolution.

##### **The 2014 Series Two Bonds**

The 2014 Series Two Bond proceeds are being used for the following purposes: (i) to make three loans to Governmental Units; and (ii) to pay a portion of the costs of issuance of the 2014 Series Two Bonds. A portion of the proceeds of the 2014 Series Two Bonds will be loaned: (a) to the City of Ketchikan to fund alterations and expansion to the Ketchikan Medical Center; (b) to the City of Ketchikan to fund the construction and installation of two replacement floats for the City's mooring facilities at Bar Harbor; and (c) to the City of King Cove to fund improvements to the City's electric system and to pay off a loan from the United States Department of Agriculture.

\* - Preliminary, subject to change.



# DESCRIPTION OF THE 2014 SERIES TWO BONDS

## General Description

The 2014 Series Two Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as securities depository for the 2014 Series Two Bonds. Principal of and interest on the 2014 Series Two Bonds are payable by The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, as Trustee under the 2005 General Bond Resolution, to DTC which, in turn, is obligated to disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC procedures. See “Appendix G – DTC and Book-Entry System.”

## 2014 Series Two Bonds

The 2014 Series Two Bonds mature on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2014 Series Two Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a single maturity of a sub-series, are dated as of the date of delivery and bear interest from their date payable on December 1, 2014, and semiannually thereafter on each June 1 and December 1 to their date of maturity or prior redemption, whichever may occur first.

## Optional Redemption

The 2014 Series Two Bonds maturing on or after June 1, 2025 are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after June 1, 2024 at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption. The Governmental Units may prepay their loans on terms identical to the optional redemption provisions associated with the 2014 Series Two Bonds.

## Mandatory Redemption

The 2014 Series Two Bonds maturing on June 1, 20\_\_\_, are subject to mandatory sinking fund redemption on June 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

<u>Date</u>	<u>Principal Amount</u>
June 1, 20__	\$
June 1, 20__*	

\* Maturity

## Notice of Redemption

At least 30 days, but not more than 60 days, prior to the date upon which any 2014 Series Two Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2014 Series Two Bond all or a portion of which is to be redeemed, at the owner’s last address appearing on the registration books of the Bond Bank kept by the Trustee. When all of the 2014 Series Two Bonds are held under the DTC book-entry system, such notice will be sent to DTC, and any notice to the beneficial owners of the 2014 Series Two Bonds will be the responsibility of DTC Participants. Neither the Bond Bank nor the Trustee will provide redemption notices to the beneficial owners.

## **Selection of 2014 Series Two Bonds for Redemption**

If fewer than all of a sub-series of the 2014 Series Two Bonds are to be redeemed prior to maturity, the Bond Bank may select the maturity or maturities of such sub-series to be redeemed at the option of the Bond Bank. If, at the time notice of redemption is given the 2014 Series Two Bonds are in book-entry form, then DTC will select the 2014 Series Two Bonds for redemption within a maturity in accordance with the Letter of Representations. The 2005 General Bond Resolution provides that if less than all of the Bonds of any one maturity of a Series are called for redemption and the Bonds are not in book-entry form, the Bonds to be redeemed are to be selected by lot by the Trustee or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair. See “Appendix G – DTC and Book-Entry System.”

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## SECURITY FOR THE 2014 SERIES TWO BONDS

### General

The 2014 Series Two Bonds constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the 2014 Series Two Bonds. **The 2014 Series Two Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2014 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2014 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2014 Series Two Bonds. The Bond Bank has no taxing power.**

As of June 1, 2014, not taking into account the issuance of the 2014 Series Two Bonds, the Bond Bank has outstanding \$53,325,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$815,935,000 of Bonds issued under its 2005 General Bond Resolution and \$4,435,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution.

As additional security for payment of principal of and interest on the 2014 Series Two Bonds and other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See "SECURITY FOR THE 2014 SERIES TWO BONDS – 2005 General Bond Resolution Reserve Fund." The Act provides that in order to ensure the maintenance of the Reserve Fund Requirement, the Chair of the Bond Bank is annually required (before each January 30) to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bond Bank from the State pursuant to such certification will, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, be deposited in the Reserve Fund. The State Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then current State fiscal year. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, and continuing through the current fiscal year 2014, the Bond Bank has been obligated to seek and has obtained a standing appropriation within the State's annual operating budget to replenish the Reserve Fund, if necessary. No such replenishment from State appropriation has been necessary. If the Bond Bank must draw on the Reserve Fund because of a default by a Governmental Unit, an amount equal to the amount drawn from the Reserve Fund is appropriated from the State's General Fund to the Reserve Fund. There is no guarantee that the Bond Bank will be able to secure future standing appropriations within the State's operating budget for replenishment of the Reserve Fund.

### Pledge Effected by the 2005 General Bond Resolution

Pursuant to the 2005 General Bond Resolution, all Municipal Bonds, all Municipal Bonds Payments, the investments thereof and the proceeds of such investments, and all funds and accounts established by the 2005 General Bond Resolution, are pledged and assigned to the Trustee, equally and ratably, to secure the payment of the principal of, redemption premium, if any, and interest on all Bonds, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions specified in the 2005 General Bond Resolution.

The Act and the 2005 General Bond Resolution provide among other things that (i) any pledge made in respect of the Bonds will be valid and binding from the time the pledge is made, (ii) the Municipal Bonds, the Municipal Bonds Payments and all other money and securities so pledged and thereafter received by the Bond Bank immediately will be subject to the lien of such pledge without any further act, and (iii) the lien of any such pledge will be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the Bond Bank irrespective of whether the parties have notice.

## **Municipal Bonds**

Under the provisions of the Act and the 2005 General Bond Resolution, the Bond Bank can purchase Municipal Bonds from any Governmental Unit. The 2005 General Bond Resolution defines Municipal Bonds as “general obligation bonds, revenue bonds, notes or other evidences of debt issued by any Governmental Unit as now or hereafter defined in the Act which have heretofore been or will hereafter be acquired by the Bond Bank as evidence of a Loan to the Governmental Unit pursuant to the Act.”

For each issue of Municipal Bonds that the Bond Bank purchases, the Bond Bank will obtain a bond counsel’s opinion stating that (a) such Municipal Bonds are valid debt obligations of such Governmental Unit as required by the Act and (b) a Loan Agreement has been duly authorized and executed between the Bond Bank and the Governmental Unit that constitutes a valid and binding obligation of the Governmental Unit.

Each Loan Agreement obligates a Governmental Unit to (a) make interest payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet interest payments on its Loan Obligations as they become due; and (b) make principal payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet principal payments on its Loan Obligations as they become due. Pursuant to the Loan Agreement, the Governmental Unit may be required to pay fees and charges to the Bond Bank to meet the Governmental Unit’s allocable portion of certain expenses. Each Loan Agreement also contains restrictions on the sale or redemption of Municipal Bonds.

## **2005 General Bond Resolution Reserve Fund**

The 2005 General Bond Resolution established the Reserve Fund to be held by the Trustee and maintained at an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the least of the following: (i) 10% of the initial principal amount of each Series of Bonds then Outstanding; (ii) Maximum Annual Debt Service with respect to all Bonds Outstanding; (iii) 125% of Average Annual Debt Service on all Bonds Outstanding; or (iv) such lower amount as may be required by law. See “DEFINITIONS – Required Debt Service Reserve.” The Reserve Fund has been funded with Bond proceeds and cash deposits from the Bond Bank. The Reserve Fund does not contain any surety policies or other forms of liquidity facility. The Reserve Fund Requirement may, however, be satisfied entirely, or in part, by a letter of credit, line of credit, credit facility, surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds. As of May 1, 2014, the accreted valuation was approximately \$\_\_\_ million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately \_\_\_% of the assets in the Reserve Fund were funded from cash deposits by the Bond Bank from the Custodian Fund.

The 2005 General Bond Resolution requires the Bond Bank to annually submit to the State a budget request for an appropriation to replenish the reserve to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by borrower. Since 2009, and continuing through fiscal year 2014, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. While the Bond Bank has been obligated to seek and has obtained such a standing appropriation within the State’s annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. This credit feature is in addition to the moral obligation feature discussed below.

On or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal to the Required Debt Service Reserve. See “SUMMARY OF THE 2005 GENERAL BOND RESOLUTION – Funds and Accounts – Reserve Fund.”

*Moral Obligation.* The Bond Bank is required to deliver a statement to the Governor and the State Legislature annually, before January 30, stating the amount, if any, necessary to restore the Reserve Fund to the Required Debt Service Reserve resulting from a draw on the Reserve Fund at any time during the prior year. The State Legislature may, but is under no legal obligation to, appropriate money sufficient to restore the Reserve Fund to the Required Debt Service Reserve. The Bond Bank has never reported a deficiency in any of the reserve funds held by the Bond Bank.

*Custodian Account.* Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account herein referred to as the Custodian Account (the “Custodian Account”). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings. As of June 30, 2013, the Custodian Account cash and cash equivalents and investments at fair value balance (audited) was \$23,365,797. As of May 1, 2014 the Custodian Account market value balance (unaudited) was \$24,226,154.

The Act requires that earnings on funds directly appropriated by the State to the Bond Bank be transferred to the State in the following fiscal year. However, starting in fiscal year 2009, and continuing through fiscal year 2014, all prior fiscal year earnings due to the State’s general fund by statute have been appropriated to the Bond Bank’s custodian account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

### **State Payments**

The Act provides that any department or agency of the State, after notice from the Bond Bank that a Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bond Bank, will withhold the payment of money held by it and payable to such Governmental Unit and pay over such money to the Bond Bank for the purpose of paying principal of and interest on the bonds of the Bond Bank. State payments to Governmental Units include payments through the School Debt Reimbursement Program and Education Support Funding through the Department of Education and Early Development; and community jail funding through the Department of Corrections. A table appears in Appendix B that presents the amount of State payments to communities that have borrowed from the Bond Bank as well as the maximum annual loan payments and associated estimated coverage provided by those State payments. There is no guarantee that State payments will continue or remain at the current levels.

The payment and amount of such State payments is uncertain, and Legislative authorization for such payments is subject to appropriation and amendment or repeal. See “APPENDIX B – STATE PAYMENTS TO GOVERNMENTAL UNITS.” The Bond Bank has never implemented the State payment intercept remedy.

### **Pledge of the State**

Pursuant to the Act, the State has pledged and agreed with the holders of the Bonds that it will not limit or restrict the rights vested in the Bond Bank by the Act to, among other things, purchase, hold and dispose of Municipal Bonds and fulfill the terms of an agreement (including the 2005 General Bond Resolution) made by the Bond Bank with such holders, or in any way impair the rights or remedies of such holders until the Bonds, including interest on the Bonds and interest on unpaid installments of interest and all costs and expenses in connection with an action or proceeding by or on behalf of such holders, are fully met, paid and discharged.

# THE ALASKA MUNICIPAL BOND BANK

## Organization

The powers of the Bond Bank are vested in the Directors. The membership of the Bond Bank consists of five Directors: the Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development of the State and three Directors appointed by the Governor. The three appointees serve four-year staggered terms and must be qualified voting residents of the State. The Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development may appoint delegates to the Bond Bank Board of Directors to serve in their absence.

The Directors elect one of their members as chair and one of their members as vice-chair and also elect a secretary and treasurer who need not be Directors. Action may be taken and motions and resolutions adopted by the Bond Bank at any meeting by the affirmative vote of at least three Directors. The Directors appoint an Executive Director to manage the business of the Bond Bank.

## Board of Directors

The Bond Bank's Board of Directors includes members listed below.

*Mark Pfeffer - Chair.* Term expires July 15, 2017. Mr. Pfeffer was originally appointed to the Board on October 10, 2001. Mr. Pfeffer is a registered architect who owns an architectural practice in Anchorage, Alaska. He is active in the development, design and management of commercial real estate projects, many of which include public/private partnerships. He is President of Pfeffer Development, LLC. Mr. Pfeffer received a Bachelor of Architecture Degree from the University of Nebraska in 1980.

*Luke Welles - Vice-Chair.* Term expires July 15, 2015. Mr. Welles was originally appointed to the Board on May 21, 2008. Mr. Welles became Vice President of Finance of the Arctic Slope Native Association, Ltd in March 2011. Prior to his current job he served as Chief Financial Officer of LifeMed Alaska, LLC, which provides medivac services in Alaska. Previously, Mr. Welles was the Chief Financial Officer for the Yukon Kuskokwim Healthcare Corporation which administers healthcare in 52 rural communities including a hospital located in Bethel, Alaska. He has management experience in healthcare, civil construction and commercial real estate. Over the past 15 years he has served on several economic development commissions in the State, as a city council member in Homer, Alaska and on multiple boards. Mr. Welles received a Bachelor of Arts Degree in Foreign Service and International Business from Baylor University in 1989.

*Gregory Gursej - Member.* Term expires July 15, 2014. Mr. Gursej was appointed to the Board on June 22, 2009. Mr. Gursej became President of Benefit Brokers, Inc. in 2001, after working as Vice President of Investments for Wedbush Morgan Securities for 11 years. Mr. Gursej also serves as a FINRA industry arbitrator in both civil and industry arbitration cases. After graduating from the University of Alaska Anchorage with a degree in finance, Mr. Gursej became involved with the University of Alaska Foundation. He served as the first Chairman of the UAA College of Fellows, served as a Trustee to the UA Foundation, and was a member of the Investment Committee to the UA Foundation. Mr. Gursej has served on both the State of Alaska Dental Examiner's Board and the U.S. Treasury Department's Taxpayer Advocacy Panel. He served on the Investment Commission for the Municipality of Anchorage and several other local boards.

*Ted Leonard - Member.* Mr. Leonard is the first delegate for Susan Bell, Commissioner of the Department of Commerce, Community and Economic Development. Mr. Leonard was appointed Executive Director of the Alaska Industrial Development and Export Authority (AIDEA) on May 19, 2008. He was most recently the Deputy Commissioner of the Department of Commerce, Community and Economic Development. In the Deputy Commissioner capacity, he oversaw the regulatory divisions of the department which included the Division of Insurance, the Division of Banking and Securities, and the Division of Corporations, Business and

Professional Licensing. He served as the Commissioner's designee on the boards of the Alaska Housing Finance Corporation, Alaska Aerospace Development Corporation, and Alaska Community Service Commission. Mr. Leonard has worked for the last 19 years in both the government and private sector in the areas of finance and accounting in Alaska including the Mat-Su and Lower Kuskokwim School Districts as well as the City of Dillingham. He also served as the Director of Finance and Administrative Services for the City of Wasilla. He received his undergraduate degree from the College of Idaho and a Masters of Management from Willamette University. He is a Certified Management Accountant and Senior Professional in Human Resources.

*Pamela Leary - Member.* Ms. Leary is the first delegate for Angela Rodell, Commissioner of the Department of Revenue. She has been chosen to lead the Treasury Division as the state treasurer. She had served as state comptroller since 2007. Ms. Leary began her career as an auditor with Price Waterhouse and became a partner in the firm PricewaterhouseCoopers. After moving to Alaska, Leary owned and operated a business before reentering the accounting profession with the Alaska Permanent Fund Corporation. She holds a bachelor's degree in economics from the Wharton School, University of Pennsylvania, and is a certified public accountant in the State of Alaska.

## **Management**

Deven J. Mitchell, who also serves as State Debt Manager and Investment Officer in the Department of Revenue – Division of Treasury, was appointed Executive Director of the Bond Bank in 1999. Mr. Mitchell has worked for the State Department of Revenue since 1992. He previously held several positions in Alaska financial institutions. Mr. Mitchell holds a Bachelor of Science Degree in Business Administration from Northern Arizona University.

Rather than employ staff, the Bond Bank contracts in the private sector for a wide range of professional services. The Executive Director coordinates the activities of these professionals, which include bond counsel, financial advisor, accountants, auditors, fund trustees, bond trustees and investment managers.

## **Future Financing Plans**

The Bond Bank anticipates issuing additional bonds pursuant to its 2005 General Bond Resolution or other bond resolutions within the next 12 months. The principal amount of such additional bonds depends on the number and size of the applications for Bond Bank financing from Governmental Units.

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1 billion. As of June 1, 2014, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2014 Series Two Bonds, was \$888,661,495.

## **Debt Payment Record**

The Bond Bank has always made principal and interest payments on its general obligation and revenue bonds when due. No deficiencies have arisen in any Bond Bank debt service fund or reserve fund, nor has there been a need to exercise the provision requiring that State payments to Governmental Units be paid to the Bond Bank.

## **BONDS OUTSTANDING**

Under the provisions of the Act, the Bond Bank can issue additional series of Bonds under its 2005 General Bond Resolution or issue bonds under other resolutions. The Bond Bank currently has bonds outstanding under the following resolutions:

### **1976 General Bond Resolution**

As of June 1, 2014, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$53,325,000 of which remain outstanding.

### **2005 General Bond Resolution**

The 2014 Series Two Bonds are the twenty-ninth issue of Bonds under the 2005 General Bond Resolution. As of June 1, 2014, the Bond Bank has issued \$925,510,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2014 Series Two Bonds), \$815,935,000 of which remains outstanding.

### **2010 Municipal Obligation Bond Resolution**

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution ("2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of June 1, 2014, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,435,000 of which remains outstanding.

### **Revenue Bond Resolutions**

The Authority (with respect to the issuance of revenue bonds the Bond Bank is referred to as the Authority) has issued revenue bonds under stand-alone revenue bond resolutions. The proceeds of these revenue bonds are applied toward the purchase of revenue bonds issued by municipal borrowers. A list of the outstanding revenue bond resolutions, amount of bonds outstanding and obligated municipal borrowers appears in the table titled "TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF JUNE 1, 2014" herein.

### **Coastal Energy Impact Program**

The Bond Bank issued bonds to provide loans to local governments that qualified for aid under the Coastal Energy Impact Program ("CEIP"). CEIP is a federal program designed to provide financial assistance to coastal states and municipalities facing impacts from offshore oil development. The United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") and the Bond Bank entered into an agreement whereby the Bond Bank was the direct lending agency for the CEIP in the State, with \$50 million available to make loans to local governments or to establish reserves for loans to local governments.

The Bond Bank issued CEIP bonds, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough, the City of Seward, the City of Nome and the City of St. Paul. The total amount of CEIP bonds outstanding as of December 31, 2013, under the Coastal Energy Impact Loan Program was \$10,581,495, consisting of loans to the City of St. Paul and the City of Nome.

The CEIP loans are administered directly by NOAA without involvement of the Bond Bank. Bonds issued for the CEIP are not secured by a pledge of any amounts held by or payable to the Bond Bank under the 2005 General Bond Resolution, including the Reserve Fund, nor are they secured directly or indirectly by any reserve account created under the Act.

## **Direct Loans**

The Bond Bank has purchased certain bond anticipation notes and defeased certain Bond Bank bonds with money from the Custodian Account while retaining underlying communities' bonds.

As of June 1, 2014, the Bond Bank holds \$1,523,610 of City of Galena Utility Revenue Bonds and \$165,799 of City of Galena appropriation obligations in its financial portfolio.

## **Loans by the State of Alaska**

The Bond Bank has the statutory authority to borrow funds from the State of Alaska's general fund at the discretion of the Commissioner or the Department of Revenue. In November 2010 and August 2011 the Bond Bank borrowed \$6.0 million and \$7.0 million, respectively from the State for authorized uses of the Bond Bank. The State of Alaska's fiscal year 2013 capital budget converted the 2010 and 2011 loans to grants through a \$13.2 million appropriation to the Bond Bank that was effective April 15, 2012. This amount reflected the original loan amounts plus interest accrued on those loans. The Bond Bank does not have any loans from the State at this time.

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**TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF JUNE 1, 2014**

		<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I.	Total 2005 General Bond Resolution G.O. Bonds <sup>(1)</sup>	\$967,785,000 <sup>(1)</sup>	\$858,210,000 <sup>(1)</sup>
II.	Total 1976 General Bond Resolution G.O. Bonds	721,985,000	53,325,000
III.	Total 2010 Resolution G.O. Bonds	4,765,000	4,435,000
IV.	Revenue Bonds		
	2004B Resolution		
	<u>Municipal Borrower</u> Municipality of Anchorage	5,365,000	4,385,000
V.	Coastal Energy Impact Loan Program	35,456,046	10,581,495

**REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2014 SERIES TWO BONDS**

Debt Limit (Section 44.85.180 of the Act)		\$1,000,000,000 <sup>(2)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$53,325,000	
2010 Resolution	4,435,000	
2005 General Bond Resolution	858,210,000 <sup>(1)</sup>	\$915,970,000 <sup>(1)</sup>
Revenue Bonds		4,385,000
Coastal Energy Loan Program		<u>10,581,495</u>
Total Outstanding Debt		\$930,936,495 <sup>(1)</sup>
Remaining Debt Capacity		<u>\$69,063,505<sup>(1)</sup></u>

(1) Includes the 2014 Series Two Bonds. Preliminary, subject to change.

(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank.

**DEBT SERVICE REQUIREMENTS OF  
OUTSTANDING 2005 GENERAL BOND RESOLUTION  
GENERAL OBLIGATION BONDS  
AND THE 2014 SERIES TWO BONDS<sup>(1)</sup>  
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service	2014 Series Two Principal	2014 Series Two Interest	Total Debt Service
2014	\$63,478,784			
2015	81,368,131	\$	\$	\$
2016	82,135,980			
2017	80,160,503			
2018	81,798,108			
2019	77,823,536			
2020	73,829,965			
2021	70,698,158			
2022	67,589,400			
2023	69,488,415			
2024	62,887,864			
2025	53,170,873			
2026	48,548,984			
2027	46,793,303			
2028	47,620,687			
2029	42,856,345			
2030	34,487,821			
2031	33,506,812			
2032	28,608,348			
2033	28,098,153			
2034	20,207,747			
2035	13,440,160			
2036	13,448,281			
2037	9,102,702			
2038	8,822,960			
2039	7,208,453			
2040	5,427,750			
2041	5,428,250			
2042	5,429,750			
2043	5,431,500			
2044	5,433,250			
2045	5,429,500			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
	\$1,294,926,223	\$	\$	\$

(1) Totals may not foot due to rounding. The 2014 Series Two Bonds are the twenty-ninth Series of Bonds issued under the 2005 General Bond Resolution.

## **SUMMARY OF THE 2005 GENERAL BOND RESOLUTION**

The following is a summary of certain provisions of the 2005 General Bond Resolution. For a complete statement of the provisions or contents of the 2005 General Bond Resolution, see Appendix F. Words and terms used in this summary are defined in the above-mentioned document and will have the same meanings herein as contained in that document, except as defined in this Official Statement.

### **2005 General Bond Resolution Constitutes Contract**

The 2005 General Bond Resolution constitutes a contract between the Bond Bank, the Trustee and the owners of the Bonds, and the pledges made in the 2005 General Bond Resolution and the covenants and agreements therein set forth to be performed by the Bond Bank will be for the equal and proportionate benefit, protection and security of the holders of any and all of the Bonds, all of which will be of equal rank without preference, priority or distinction.

### **Obligation of Bonds**

The Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or redemption price of, interest on and sinking fund installments for, the Bonds solely from the sources provided in the 2005 General Bond Resolution and any Series Resolution. The State will not be liable for payment on the Bonds, and the Bonds will not be a debt or liability, or constitute a pledge or loan of the faith and credit of the State.

### **Pledge**

The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 General Bond Resolution to be held by the Trustee are pledged and assigned for the payment of the principal of, redemption price of, interest on, and sinking fund installments for, the Bonds in accordance with the terms and provisions of the 2005 General Bond Resolution, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 2005 General Bond Resolution. The Municipal Bonds and the Municipal Bonds Payments and all other money and securities pledged pursuant to the 2005 General Bond Resolution immediately will be subject to the lien of such pledge without any further act, and such lien will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, regardless of whether such parties have notice thereof.

### **Power to Issue Bonds and Make Pledges**

The Bond Bank covenants that it is duly authorized by law to issue the Bonds and to pledge the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property purported to be pledged by the 2005 General Bond Resolution which will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the 2005 General Bond Resolution, except for the liens in favor of the Trustee and Paying Agent as provided in the 2005 General Bond Resolution. The Bond Bank will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property pledged under the 2005 General Bond Resolution and all the rights of the Bondholders under the 2005 General Bond Resolution against all claims and demands of all persons whomsoever.

### **General**

The Bond Bank will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bond Bank under law and the 2005 General Bond Resolution in accordance with the terms thereof.

The Bond Bank pledges and agrees with the Holders of the Bonds that it will not cause the State to limit or alter the rights vested by the Act in the Bond Bank to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

### **Waiver of Laws**

The Bond Bank will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the 2005 General Bond Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bond Bank.

### **Loan Agreement Provisions**

No loan will be made by the Bond Bank from proceeds of the sale of Bonds and no Bonds will be issued for the purpose of providing funds with which to make a loan, unless the Loan Agreement under which such loan is to be made will comply with, but not be limited to, the following:

(a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the 2005 General Bond Resolution, and the Loan Agreement must be executed in accordance with existing laws.

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds, will issue Municipal Bonds which are valid debt obligations of the Governmental Unit as required by the Act.

(c) The Municipal Bonds Payment to be made by the Governmental Unit under such Loan Agreement will be not less than the interest and principal payments the Bond Bank is required to make on the Loan Obligations and will be scheduled by the Bond Bank in such manner and at such times as to provide funds sufficient to pay principal and interest on the Loan Obligations as the same become due.

(d) The Governmental Unit will be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to comply with the provisions of the 2005 General Bond Resolution.

(e) The Governmental Unit will agree that in the event the Municipal Bonds Payment is not paid by it to the Bond Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State will be withheld from such Governmental Unit and paid over directly to the Trustee acting under the 2005 General Bond Resolution.

(f) The Bond Bank will not sell, and the Governmental Unit will not redeem prior to maturity, any of the Municipal Bonds with respect to which the Loan is made in an amount greater than the Outstanding Bonds issued with respect to such Loan which are then redeemable, and any such sale or redemption of such Municipal Bond will be in an amount not less than the aggregate of (i) the principal amount of the Loan Obligation to be redeemed, (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date, (iii) the applicable redemption premium, and (iv) the costs and expenses of the Bond Bank in effecting the redemption of the Loan Obligation.

(g) The Government Unit must give the Bond Bank at least fifty (50) days' notice of its intent to redeem its Municipal Bonds.

### **Modification of Loan Agreement Terms**

The Bond Bank will not consent to the modification of, or modify, the rates of interest of, or the amount or time of payment of any installment of principal of or interest on, any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders.

### **Enforcement of Municipal Bonds**

The Bond Bank will diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payments and will promptly transfer any such money, upon receipt thereof, to the Trustee and the Trustee will deposit any such money in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payments or in the event deficiencies in said Accounts created by such default will have been made up by the Reserve Fund, into the Reserve Fund to the extent of such deficiencies.

### **Funds and Accounts**

The 2005 General Bond Resolution established a Debt Service Fund, consisting of an Interest Account, a Principal Account and a Redemption Account; a Reserve Fund; a Rebate Fund, which consists of a separate sub-account for each Series of Bonds; and an Operating Fund. The Debt Service Fund, the Rebate Fund and the Reserve Fund are held by the Trustee. The Operating Fund is held by the Bond Bank.

*Debt Service Fund.* The Trustee will deposit Municipal Bonds Interest Payments and any other money available for the payment of interest in the Interest Account upon receipt thereof. The Trustee will, on or before each interest payment date, pay out of the Interest Account the amounts required for the payment of the interest becoming due on each series of Bonds on such interest payment date.

The Trustee will deposit Municipal Bonds Principal Payments and any other money available for the payment of principal in the Principal Account upon receipt thereof. The Trustee will, on or before each principal payment date or Sinking Fund Installment date, pay out of the Principal Account the amounts required for the payment of the principal or Sinking Fund Installment due on each series of Bonds on such date.

The Trustee establishes in the Redemption Account a separate sub-account for each Series of Bonds. Any money deposited into the Redemption Account from any source other than pursuant to Section 607 or Section 916 of the 2005 General Bond Resolution will be applied to the purchase or redemption of Bonds. Any money deposited into the Redemption Account from the Reserve Fund because of a reduction in the Required Debt Service Reserve will be applied to the purchase or redemption of Reserve Fund Obligations.

*Reserve Fund.* Monthly, the Trustee will set aside from amounts in the Reserve Fund derived from investment earnings and profits realized by the Reserve Fund due to investments thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such date be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month.

On or before each principal payment date and Sinking Fund Installment payment date of Reserve Fund Obligations, the Trustee will withdraw from amounts in the Reserve Fund and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account and derived from sources other than Municipal Bonds Payments, will be equal to the Principal Installment of the Reserve Fund Obligations falling due on such date.

On or before December 31 of each year, after satisfying the deposit requirements set forth above, the Trustee will withdraw from the Reserve Fund any amount remaining therein derived from investment earnings or profits due to investments thereof, and pay over said amount to the Bond Bank for deposit in the Operating Fund, but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Reserve Fund Requirement.

The Bond Bank will pay into the Reserve Fund (a) money made available by the State and paid by the State for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by the Act in the amount provided by a Series Resolution; (b) all money paid to the Bond Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Reserve Fund Requirement; (c) such portion of the proceeds of sale of Bonds, if any, as will be provided by any Series Resolution; (d) Credit Enhancement; and (e) any other money which may be made available to the Bond Bank for the purposes of the Reserve Fund from any other source or sources. The Reserve Fund Requirement may be satisfied entirely, or in part, by a letter of credit, a line of credit, a credit facility, a surety bond, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds; provided, however, any credit enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution of any prior credit enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

In the event there will be a deficiency in the Interest Account or in the Principal Account, the Trustee will make up such deficiencies from the Reserve Fund.

*Administration of Reserve Fund.* Money and securities held in the Reserve Fund will not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Reserve Fund Requirement except for the payment when due of debt service on Reserve Fund Obligations and to cure a deficiency in the Principal Account or the Interest Account.

*Rebate Fund.* There will be deposited in the Rebate Fund the amount of the Rebate Requirement for each Series of Bonds, and the Trustee will pay over to the United States Government such amounts as determined by the Bond Bank and as set forth in the 2005 General Bond Resolution. All amounts held in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of the 2005 General Bond Resolution.

*Operating Fund.* There will be deposited in the Operating Fund all Fees and Charges, to the extent not otherwise encumbered or pledged, and any other money which may be made available to the Bond Bank therefor from any other source or sources. Money at any time held for the credit of the Operating Fund will be used for and applied solely to the following purposes: (a) to pay the Administrative Expenses of the Bond Bank; (b) to pay the fees and expenses of the Trustee and any Paying Agent; (c) to pay financing costs incurred with respect to a Series of Bonds; and (d) to pay any expenses incurred in carrying out any other purpose then authorized by the Act.

All amounts in the Operating Fund will be free and clear of any lien or pledge created by the 2005 General Bond Resolution.

## **Security for Deposits**

All money held by the Trustee will be continuously and fully secured, for the benefit of the Bond Bank and the Bondholders in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. It will not be necessary for the Trustee or any paying agent to give security for the deposit of any money with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which will be represented by obligations purchased under the provisions of the 2005 General Bond Resolution as an investment of such money.

## **Payment of Bonds**

The Bond Bank will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof, and will duly and punctually satisfy all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

## **Fees and Charges**

The Bond Bank may charge such Fees and Charges to each Governmental Unit to which a Loan is made, and will revise such Fees and Charges if necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce money which, together with such Governmental Unit's Allocable Proportion of other money available under the provisions of the 2005 General Bond Resolution, and other money available therefor, will be at least sufficient to pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bond Bank and of the fees and expenses of the Trustee and any Paying Agent.

## **Issuance of Additional Obligations**

The Bond Bank may issue additional Bonds and refunding Bonds pursuant to the terms of the 2005 General Bond Resolution; however, no additional series of Bonds will be issued unless:

- (a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds, will not exceed any limit thereon imposed by State law;
- (b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the 2005 General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;
- (c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve; and
- (d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bond Bank expressly reserves the right to adopt other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund.

## **Defeasance**

If the Bond Bank will pay or cause to be paid to the holders of all Bonds then Outstanding, the principal and interest and/or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the 2005 General Bond Resolution and also will pay or cause to be paid all other sums payable under the 2005 General Bond Resolution, including any amounts payable to the United States, then, at the option of the Bond Bank, as expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bond Bank to the Bondholders will be discharged and satisfied. All Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bond Bank will have given to the Trustee in form satisfactory to it irrevocable instructions to publish notice of redemption on said date of such Bonds, and (b) there will have been deposited with the Trustee either monies in an amount which will be sufficient or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds and described in clause (1) of the definition thereof, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee or Paying Agent at the same time, will be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as may be the case.

## **Supplements and Amendments**

The Bond Bank may adopt a Series Resolution or Supplemental Resolution without the consent of the Bondholders or the Trustee for various purposes not inconsistent with the 2005 General Bond Resolution, to provide for the issuance of additional Series of Bonds, to impose additional limitations or restrictions on the issuance of Bonds, to impose other restrictions on the Bond Bank, to surrender any right, power or privilege, or to confirm any pledge of or lien upon the Municipal Bonds or the Municipal Bonds Payments or any other funds. The Bond Bank may also supplement the 2005 General Bond Resolution to cure any ambiguity or defect in the 2005 General Bond Resolution, provided such modifications are not contrary to or inconsistent with the 2005 General Bond Resolution as theretofore in effect.

Any modification or amendment of the 2005 General Bond Resolution and of the rights and obligations of the Bond Bank and of the Bondholders may be made with the written consent (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment will not permit (i) a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) the creation of any lien prior to or on a parity with the lien created by the 2005 General Bond Resolution (except in the manner provided by the 2005 General Bond Resolution) or deprive the Bondholders of the lien created by the 2005 General Bond Resolution, without the consent of the holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. To the extent that the full payment of the interest and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency will be considered to be the Bondholder of all the Bonds of the Series for purposes of exercising any rights with respect to supplements and amendments to the 2005 General Bond Resolution if the Credit Enhancement so provides.

## Events of Default and Remedies

Each of the following events is an Event of Default under the 2005 General Bond Resolution:

(a) the Bond Bank defaults in the payment of the principal or Redemption Price of, Sinking Fund Installment for, or interest on, any Bond when and as the same will become due whether at maturity or upon call for redemption, or otherwise;

(b) the Bond Bank fails or refuses to comply with the provisions of the Act regarding the certification of deficiencies in the 2005 General Bond Resolution Reserve Fund, or such amounts as will be certified to the Governor and to the Legislature pursuant to the Act will not be appropriated and paid to the Bond Bank prior to the termination of the then current State fiscal year; or

(c) the Bond Bank fails or refuses to comply with the provisions of the Act, other than as provided in (b) above, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part in the 2005 General Bond Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default will continue for a period of 45 days after written notice thereof by the Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Bonds;

provided, however, that an event of default will not be deemed to exist under the provisions of clause (c) above upon the failure of the Bond Bank to make and collect Fees and Charges required to be made and collected by the 2005 General Bond Resolution or upon the failure of the Bond Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bond Bank may be otherwise directed by law and so long as the Bond Bank will be provided with money from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same will become due during the period for which the Bond Bank will be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee will proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25 percent in principal amount of the Outstanding Bonds will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bond Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bond Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

Upon the occurrence of an event of default in the payment of principal of and interest on Bonds then Outstanding, the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will be immediately due and payable. This provision, however, is subject to the condition that if before any judgment or decree for the payment of the money due will have been obtained or entered, the Bond Bank will deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default.

*Bondholders' Direction of Proceedings.* The holders of a majority in principal amount of the Bonds then Outstanding will have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee, provided that such direction will not be otherwise than in accordance with law or the 2005 General Bond Resolution, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

*Limitation on Rights of Bondholders.* No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the 2005 General Bond Resolution, or for the protection or enforcement of any right under the 2005 General Bond Resolution or any right under law unless such holder will have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25 percent in principal amount of the Bonds then Outstanding will have made written request of the Trustee and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under law or to institute such action, suit or proceeding in its name and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time. No holder of the Bonds will have any right to affect, disturb or prejudice the security of the 2005 General Bond Resolution, or to enforce any right with respect to the Bonds or the 2005 General Bond Resolution, except in the manner provided in the 2005 General Bond Resolution, and all proceedings at law or in equity will be instituted, held and maintained in the manner herein provided and for the benefit of all Bondholders.

### **Excess Earnings**

The Bond Bank covenants and agrees to calculate Rebatable Arbitrage and to pay Rebatable Arbitrage to the United States of America in the manner necessary to comply with the then applicable federal tax law. Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of each Series of Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bond Bank will determine the Rebatable Arbitrage with respect to each Series of Bonds, and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code.

### **Modifications to the 2005 General Bond Resolution**

The 2005 General Bond Resolution authorizes modifications of any provision set forth in the 2005 General Bond Resolution by the terms of a Supplemental Resolution, with such modifications becoming effective after all Bonds of each Series Outstanding as of the date of such Supplemental Resolution authorizing such modification cease to be Outstanding. A first supplemental resolution (the "First Supplemental Resolution") was approved by the Board of Directors of the Bond Bank at a meeting held on February 19, 2013.

The First Supplemental Resolution authorizes the following modifications to the 2005 General Bond Resolution: (i) to authorize the Trustee to release to the Bond Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve, (ii) to authorize the Trustee to release to the Bond Bank earnings and profits realized from investments in the Reserve Fund on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve, (iii) to allow for certain amendments and modifications to the 2005 General Bond Resolution to be effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding, and (iv) to establish that consent of Holders of Bonds, when required under the terms of the 2005 General Bond Resolution, specifically includes the consent of an underwriter or purchaser of a Series of Bonds at the time such Bonds are issued.

The modifications to the 2005 General Bond Resolution set forth in the First Supplemental Resolution shall become effective after all Bonds issued prior to the 2013 Series One Bonds cease to be Outstanding and compliance by the Bank with certain requirements set forth in the 2005 General Bond Resolution, at which time these modifications will apply to the 2014 Series Two Bonds and govern the rights and obligations of the Holders thereof.

## **LITIGATION**

Upon the delivery of the 2014 Series Two Bonds, the Bond Bank will furnish a certificate to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2014 Series Two Bonds, or in any way contesting the validity or enforceability of the 2014 Series Two Bonds, the 2005 General Bond Resolution or any Bonds or money pledged under the 2005 General Bond Resolution.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2014 Series Two Bonds are subject to the approving legal opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, Bond Counsel to the Bond Bank. The proposed form of the opinion of Bond Counsel is included herein as Appendix A.

Certain legal matters will be passed upon for (i) the City of Ketchikan by its bond counsel, K&L Gates LLP of Seattle, Washington, and (ii) the City of King Cove by its co-bond counsel, Foster Pepper PLLC of Seattle, Washington and the Levesque Law Group, LLC of Anchorage, Alaska.

## **UNDERWRITING**

The 2014 Series Two Bonds are to be purchased by \_\_\_\_\_ from the Bond Bank at an aggregate purchase price of \$\_\_\_\_\_ (equal to the aggregate principal amount of the 2014 Series Two Bonds, plus/less a net original issue premium/discount of \$\_\_\_\_\_ less an underwriter's discount of \$\_\_\_\_\_).

The initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriter without prior notice to any person after the date of the sale of the 2014 Series Two Bonds. The Underwriter may offer and sell the 2014 Series Two Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement.

## **MUNICIPAL ADVISOR**

Western Financial Group, LLC has acted as financial advisor (the "Municipal Advisor") to the Bond Bank in connection with the issuance of the 2014 Series Two Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Western Financial

Group, LLC is an independent advisory firm registered with the Securities and Exchange Commission and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

## **FINANCIAL STATEMENTS**

The financial statements of the Bond Bank included as Appendix E to this Official Statement have been audited by BDO USA, LLP, independent certified public accounts, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of BDO USA, LLP.

The Bond Bank has not requested BDO USA, LLP to provide written consent for inclusion of the financial statements in this Official Statement.

## **TAX MATTERS**

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes. Interest on the 2014 Series Two Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. However, interest on the 2014 Series Two Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion, based on existing laws of the State as enacted and construed that interest on the 2014 Series Two Bonds is excludable from taxation by the State except for transfer, estate and inheritance taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2014 Series Two Bonds. The Bond Bank and Governmental Units have covenanted to comply with certain restrictions designed to assure that interest on the 2014 Series Two Bonds is excludable from federal gross income. Failure to comply with these covenants may result in interest on the 2014 Series Two Bonds being included in federal gross income, possibly from the date of issuance of the 2014 Series Two Bonds. Bond Counsel's opinion is subject to the condition that the Bond Bank and the Governmental Units comply with these covenants and, in addition, will rely on representations by the Bond Bank and the Governmental Units and their advisors with respect to matters solely within the knowledge of the Bond Bank, the Governmental Units and their advisors, respectively.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2014 Series Two Bonds may adversely affect the tax status of interest on the 2014 Series Two Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, such 2014 Series Two Bonds may otherwise affect a 2014 Series Two Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2014 Series Two Bond Owner's particular tax status and the 2014 Series Two Bond Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Series Two Bonds. Owners of the 2014 Series Two Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2014 Series Two Bonds, which may include original issue discount, original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Backup Withholding. Interest on tax-exempt obligations such as the 2014 Series Two Bonds is in many

cases subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2014 Series Two Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount. The 2014 Series Two Bonds maturing \_\_\_\_ 1, 20\_\_, (the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2014 Series Two Bonds.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. The 2014 Series Two Bonds maturing \_\_\_\_ 1, 20\_\_ through and including \_\_\_\_ 1, 20\_\_ (collectively, the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Changes in Federal Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely

affect the market value of the 2014 Series Two Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2014 Series Two Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2014 Series Two Bonds or the market value thereof would be impacted thereby. Purchasers of the 2014 Series Two Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2014 Series Two Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Bond Counsel's opinion is not a guarantee of a result and is not binding on the Internal Revenue Service ("IRS"); rather, the opinion represents its legal judgment based upon its review of existing statutes, regulations, published rulings, and court decisions and the representations and covenants of the Bond Bank. The IRS has an ongoing program of auditing the tax-exempt status of the interest on governmental obligations. If an audit of the 2014 Series Two Bonds is commenced, under current procedures, the IRS is likely to treat the Bond Bank as the "taxpayer," and the owners of the 2014 Series Two Bonds (the "Owners") would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2014 Series Two Bonds, the Bond Bank may have different or conflicting interests from the Owners. Public awareness of any future audit of the 2014 Series Two Bonds could adversely affect the value and liquidity of the 2014 Series Two Bonds during the pendency of the audit, regardless of its ultimate outcome.

## RATINGS

Moody's Investors Service Inc. ("Moody's"), Fitch Ratings ("Fitch") and Standard & Poor's Rating Services ("S&P") have assigned "\_\_\_", "\_\_\_" and "\_\_\_" ratings, respectively, to the 2014 Series Two Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300; Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500; S&P, 55 Water Street, New York, New York 10041 (212) 438-1000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. **There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2014 Series Two Bonds.**

## CONTINUING DISCLOSURE UNDERTAKING

*Basic Undertaking to Provide Annual Financial Information and Notice of Material Events.*

**Continuing disclosure is provided for the benefit of beneficial owners.** Pursuant to the Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"), the Bond Bank will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") annual financial information and operating data as described below. In addition, if any Governmental Unit has outstanding with the Bond Bank an amount of bonds equal to or greater than 10 percent of all Bonds outstanding, such Governmental Unit will be deemed an "Obligated Person" under the Rule and will be contractually required to provide updated financial information of the type included in Appendix D hereof and annual financial statements prepared in accordance with generally accepted accounting principles applicable to the governmental entities, as such principles may be changed from time to time.

Not later than 120 days after the end of each Bond Bank fiscal year, the Bond Bank will notify each

Governmental Unit that has, or had, an amount of bonds equal to or greater than 10 percent of all Bonds Outstanding, of its continuing disclosure undertaking responsibility. A list of Governmental Units deemed Obligated Persons for the prior fiscal year will be included in the Bond Bank's annual financial information filing.

The Bond Bank will also undertake to provide or cause to be provided to the MSRB a notice of the occurrence of any of the following events specified by the Rule with respect to the 2014 Series Two Bonds within ten business days of the occurrence of the event: (a) principal and interest payment delinquencies; (b) unscheduled draws on debt service reserves reflecting financial difficulties; (c) unscheduled draws on credit enhancements reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) adverse tax opinions or events affecting the tax-exempt status of the 2014A Series One Bonds; (f) defeasances; (g) rating changes; (h) tender offers; (i) bankruptcy, insolvency, receivership or similar proceeding by the Bond Bank or "obligated person". The Bond Bank will also file with the MSRB a notice of any of the following events with respect to the 2014 Series Two Bonds within ten business days of the occurrence of such event, if material: (a) non-payment related defaults; (b) modification to rights of holders of 2014 Series Two Bonds; (c) bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event; (d) release, substitution or sale of property securing repayment of the 2014 Series Two Bonds; (e) other than in the normal course of business, the consummation of a merger, consolidation or acquisition involving an "obligated person," or the sale of all or substantially all of the assets of the Bond Bank or "obligated person," or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms; (f) appointment of a successor or additional trustee or the change in name of the Trustee for the 2014 Series Two Bonds.

The Bond Bank also will provide to the MSRB timely notice of its failure to provide required annual financial information on or before the date specified below.

*Type of Annual Financial Information Undertaken to be Provided by the Bond Bank.* The annual financial information that the Bond Bank undertakes to provide will consist of (a) annual financial statements for the Bond Bank, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time; (b) a statement of authorized, issued and outstanding bonded debt; (c) Reserve Fund balance; and (d) Governmental Unit statistics in substantially the same form as Appendix C attached hereto. This information will be provided to the MSRB not later than 210 days after the end of each fiscal year of the Bond Bank (currently, the 12-month period ending June 30), as such fiscal year may be changed as required by State law, commencing with the Bond Bank's fiscal year ending June 30, 2014.

*Amendment of Undertaking.* The Undertaking is subject to amendment after the primary offering of the 2014 Series Two Bonds without the consent of any Beneficial Owner of any 2014 Series Two Bond, or any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Bond Bank; (b) the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the 2014 Series Two Bonds, after taking into account any amendments or interpretations of the Rule by the SEC and any changes in circumstances; (c) the Bond Bank obtains an opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the Bond Bank's compliance with the Undertaking and Rule; and (d) the Bond Bank notifies and provides the MSRB with copies of the opinions and amendments. Such amendment may be adopted without the consent of any Beneficial Owner of any of the 2014 Series Two Bonds, notwithstanding any other provision of the Undertakings or the Bond Resolution.

The first annual report containing amended operating data or financial information pursuant to an amendment of the Bond Bank continuing disclosure undertaking will explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

All notices, financial information and operating data required by this undertaking to be provided to the

MSRB must be in electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

*Termination.* The obligations of the Bond Bank under its undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the 2014 Series Two Bonds.

*Remedy for Failure to Comply with Undertaking.* No failure by the Bond Bank and/or the Obligated Persons identified in Appendix D hereto to comply with any provisions of their respective undertakings will constitute a default in respect of the 2014 Series Two Bonds, and the sole remedy under the respective undertakings in the event of any failure of the Bond Bank and/or the Obligated Persons identified in Appendix D hereto to comply with their respective undertaking will be the right to obtain specific performance of the undertaking.

### **Prior Compliance with Continuing Disclosure Undertakings Under the Rule**

The Bond Bank previously entered into continuing disclosure undertakings under the Rule in connection with its Bonds. The Bond Bank subsequently discovered that it did not file event notices in connection with certain rating downgrades of insurers of its existing Bonds. Additionally, the Bond Bank discovered that it did not file an event notice for an underlying ratings upgrade from Moody's in November 2010 in relation to two series of outstanding Bonds. All such notices were subsequently filed.

In each of the past five fiscal years, the Bond Bank has timely filed its audited financial statements and annual report. However, the Bond Bank discovered that it had not included in its annual report statistics of Governmental Units similar to those found in Exhibit C of its official statements, as required by prior continuing disclosure undertakings. Such information was included in publicly available official statements prepared by the Bond Bank every year of noncompliance, although in certain cases such information was dated on or about the date of the official statement rather than as of the relevant fiscal year end of the Bond Bank.

The Bond Bank has developed procedures to ensure that all information required to be included in the Annual Report as of the fiscal year end will be filed within 210 days after the end of such fiscal year. The Bond Bank has otherwise complied in the past five years in all material respects with its previous undertakings with regard to the Rule to provide annual reports or notices of certain events.

During the course of preparing this Official Statement, it was discovered that certain of the Obligated Persons who timely filed annual financial information in accordance with prior undertakings inadvertently failed to associate that annual financial information with all Bonds issued under the 2005 General Bond Resolution. Effective on the date of issuance of the 2014 Series Two Bonds, each undertaking executed by an Obligated Person will include an express requirement that such filing be linked to the CUSIP numbers of all outstanding Bonds issued under the 2005 General Bond Resolution. The Obligated Persons have reported that they have otherwise complied in the past five years in all material respects with their previous undertakings with regard to the Rule to provide annual reports or notices of certain events.

### **SOURCES OF CERTAIN INFORMATION**

As of the date of this Official Statement, the Governmental Units which have loan obligations in an amount of ten percent (10%) or greater in the pool of loans financed with proceeds of Bonds are the City and Borough of Sitka (16.54%), the City and Borough of Juneau (13.80%), the Kenai Peninsula Borough (13.68%), and the Kodiak Island Borough (10.87%). These Governmental Units are considered "Obligated Persons" under the Rule and have provided the information appearing in Appendix D of this Official Statement.

The Bond Bank makes no representation as to the accuracy of the information concerning the City and Borough of Juneau, the Kenai Peninsula Borough, the Kodiak Island Borough or the City and Borough of Sitka

found in Appendix D of this Official Statement.

## DEFINITIONS

The following terms are used in this Official Statement with the following meanings:

**"Act"** — The Alaska Municipal Bond Bank Act, codified as Chapter 85, Title 44, of the Alaska Statutes, as amended.

**"Bond Bank"** — The Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska within the Department of Revenue but with legal existence independent of and separate from the State.

**"Bonds"** — Bonds issued by the Bond Bank under the 2005 General Bond Resolution pursuant to a Series Resolution. These include "Loan Obligations" and "Reserve Fund Obligations" as defined below.

**"Code"** — Internal Revenue Code of 1986 and the regulations thereunder, as amended.

**"Credit Enhancement"** — A letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or to satisfy the Reserve Fund Requirement.

**"Credit Enhancement Agency"** — Any bank or other institution that provides Credit Enhancement.

**"Debt Service Fund"** — A fund established by the 2005 General Bond Resolution to be maintained and held by the Trustee. The 2005 General Bond Resolution defines and provides that the "Interest Account," "Principal Account" and "Redemption Account" are maintained within the Debt Service Fund.

**"Fees and Charges"** — All fees and charges authorized to be charged by the Bond Bank pursuant to Sections 44.85.080 (8), (15), and (16) of the Act and charged by the Bank pursuant to the terms and provisions of the Loan Agreements.

**"Governmental Unit"** — A municipality or such other entity from which the Bond Bank is authorized by law to purchase its revenue bonds, general obligation bonds, notes, or other forms of indebtedness and which otherwise satisfies conditions found in the 2005 General Bond Resolution and in the Loan Agreement.

**"Loan Agreement"** — An agreement, and any amendments thereto, entered into between the Bond Bank and a Governmental Unit setting forth the terms and conditions of a loan.

**"Loan Obligations"** — The amount of Bonds and the Bonds themselves issued by the Bond Bank for the purchase of Municipal Bonds of a Governmental Unit.

**"Municipal Bonds"** — General obligation bonds, revenue bonds, notes or other evidence of debt issued by any Governmental Unit, as defined in the Act, which have been acquired by the Bond Bank as evidence of a loan to the Governmental Unit pursuant to the Act.

**"Municipal Bonds Payment"** — The amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bond Bank on the Governmental Unit's Municipal Bonds.

**"Notes"** — Any obligations referred to in the 2005 General Bond Resolution issued by the Bond Bank other than Bonds.

**"Operating Fund"** — A fund established by the 2005 General Bond Resolution. This fund is not held by the Trustee and money therein is not pledged as security for Bonds.

**"Outstanding"** — When used with reference to Bonds, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the 2005 General Bond Resolution, other than Bonds owned or held by or for the account of the Bond Bank except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the 2005 General Bond Resolution, and (iii) Bonds deemed to have been paid as provided in the 2005 General Bond Resolution.

**"Reserve Fund"** — The reserve account established by the 2005 General Bond Resolution and held by the Trustee pursuant to the provisions of the 2005 General Bond Resolution.

**"Reserve Fund Obligations"** — Bonds issued by the Bond Bank to obtain funds to deposited in the Reserve Fund.

**"Reserve Fund Requirement"** — The amount required to be on deposit in the 2005 General Bond Resolution Reserve Fund is the least of the following: (i) 10% of the initial stated principal amount of each Series of Bonds then Outstanding; (ii) maximum annual principal and interest requirements on all Bonds then Outstanding; (iii) 125% of average annual principal and interest requirements on all Bonds then Outstanding; or (iv) such lesser amount as shall be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit Enhancement; provided, however, any Credit Enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution for any prior Credit Enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

**"Required Debt Service Reserve"** — As of any date of calculation, the amount required to be on deposit in the Reserve Fund which amount shall at least be equal to the Reserve Fund Requirement.

**"Series Resolution"** — A resolution of the Bond Bank authorizing the issuance of a series of Bonds in accordance with the terms of the 2005 General Bond Resolution.

**"2005 General Bond Resolution"** — The Bond Bank's 2005 General Obligation Bond Resolution adopted July 13, 2005, as amended August 19, 2009. (The Bond Bank may adopt additional general obligation resolutions for the same or different purposes.)

## MISCELLANEOUS

The summaries or descriptions of provisions in the Bond Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents and materials, copies of which will be furnished by the Bond Bank on request. The 2005 General Bond Resolution has been included herein as Appendix F.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

## **PRELIMINARY OFFICIAL STATEMENT**

The Bond Bank hereby deems this Preliminary Official Statement pursuant to the SEC Rule 15c2-12 as final as of its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, delivery date and other terms of the 2014 Series Two Bonds dependent on the foregoing matters.

### **ALASKA MUNICIPAL BOND BANK**

/s/ \_\_\_\_\_  
Deven J. Mitchell  
Executive Director

APPENDIX A

Form of Legal Opinion

## APPENDIX B

### State Payments to Governmental Units

## Appendix B

### State Payments to Governmental Units

The State of Alaska (the “State”) disburses to Alaskan cities and boroughs (the “Governmental Units”) funds that generally are available for uses other than paying municipal bond debt service. In the event of default by a Governmental Unit with respect to a Loan Agreement, the Bond Bank is authorized to cause such funds, held in custody by the State prior to disbursement, to be paid over to the Bond Bank. However, the State may at any time reduce or terminate the disbursements or programs under which they are made. Four of the departments of the State that disburse money to Governmental Units are as follows:

(1) Department of Education and Early Development. The Department of Education and Early Development (DEED) disburses State aid for educational purposes primarily through the school debt reimbursement, the foundation funding, and pupil transportation programs, in addition to funding for boarding homes, residential boarding, youth in detention, special schools, and the Alaska Challenge Youth Academy programs.. The first program provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse municipalities that operate school districts for certain costs of school construction. State reimbursement applies to debt service on locally issued general obligation school bonds. Timing of reimbursements is determined by municipalities’ debt service payments, and is made throughout the year. This program provides that subject to statutory and regulatory conditions that the State will reimburse municipalities for a pre-determined percentage of debt service incurred for such bonds, depending on when such bonds were issued and the project components. The State has in the past, and may in the future, appropriate less than the full amount to which the municipalities are entitled. When appropriations are less than 100 percent of the entitlement, funds have been allocated pro rata among the eligible school districts.

Under the second program, the State aids local school districts in the payment of operating expenses under the State “K-12 foundation” funding which provides education-related aid for operating costs associated with qualified K-12 schools as well as programs such as the handicapped facilities and nutrition programs. The program provides for monthly distributions to the school districts.

Under the third program, the state aids local school districts for pupil transportation. The program provides for monthly distributions to the school districts.

Under the fourth program, the state has provided one-time grant funds.

(2) Department of Revenue. The Department of Revenue disburses shares of various State taxes collected by the within the jurisdiction of certain Governmental Units including aviation fuel, Commercial Passenger Vessel, electric, telephone, liquor and fisheries resources landed and business taxes. Payments are distributed both semi-annually in January and July and annually in October depending upon the type of tax.

(3) Department of Commerce, Community and Economic Development. The Department of Commerce, Community and Economic Development (DCCED) administers a payment in lieu of taxes program under which the federal government pays a fee for use of land. The payments received from the federal government are passed through the State to certain Governmental Units. Distributions occur annually in July. The State also disburses money to certain Governmental Units through the DCCED’s Capital Matching Grants program to provide assistance in financing capital projects. Distributions are made throughout the year as approved projects are constructed. Additionally the State Revenue Sharing program provides an annual transfer to certain governmental units based on population. The revenue sharing transfers occur in the first quarter of the fiscal year.

(4) Department of Corrections. The Department of Corrections transfers monthly amounts to pay operational expenses of local communities that house prisoners in municipal-owned facilities.

*Sources: State of Alaska, Department of Administration, Division of Finance; State of Alaska, Office of Management and Budget; and State of Alaska, Department of Revenue, Tax Division. Further information regarding the State of Alaska may be found at <http://alaska.gov> (this reference is not a hyperlink, and, by this reference, the State of Alaska's website is not incorporated into this Official Statement).*

**Alaska Municipal Bond Bank  
Capability to Intercept Funds**

	FY 2013 Shared Taxes & Fees one time transfers for 7 categories of tax and license type (updated in December annually)	FY 2014 DOT Reimbursement Program transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2014 School Debt Reimbursement transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2014 Education Support transferred in 12 level monthly installments during fiscal year (current year annual appropriation)	Matching Grants as of October 1, 2013 will be drawn down as projects are completed (current and past year capital grant appropriations) (1)	FY 2014 Community Jails - Transferred in 12 level monthly payments during fiscal year (current year annual appropriation)	FY 2014 PILT transfers	Revenue Sharing FY 2014 disbursed at one time by October of fiscal year (current year annual appropriation)	Total Intercept Capability	Fiscal Year 2014 Total Debt Service (2)	Coverage Ratio
<b>Boroughs</b>											
Aleutians East Borough	\$2,082,874	\$476,742	\$657,160	\$5,350,495	\$4,424,246	0	\$0	\$386,426	\$13,377,943	\$2,602,051	5.14
Haines Borough	486,904	0	908,729	25	25,261,937	383,440	0	604,650	\$27,645,685	1,382,392	20.00
City & Borough of Juneau (3)	4,662,940	0	14,161,151	43,616,733	28,847,546	0	0	2,042,028	\$93,330,398	11,103,655	8.41
Kenai Peninsula Borough (3)	1,473,978	0	3,581,484	86,625,845	33,545,106	0	0	2,130,481	\$127,356,894	7,408,749	17.19
Ketchikan Gateway Borough	2,639,506	0	2,716,934	24,635,536	17,627,621	0	0	632,111	\$48,251,708	5,471,394	8.82
Kodiak Island Borough (3)	1,222,846	943,676	4,470,047	28,484,003	17,807,153	0	0	709,660	\$53,637,385	6,558,649	8.18
Lake & Peninsula Borough	\$386,805	\$119,169	\$901,080	\$9,122,784	\$348,469	\$0	0	428,627	\$11,306,934	1,001,200	11.29
Northwest Arctic Borough	6,695	0	4,419,584	34,723,250	13,009,768	944,172	0	428,531	\$53,532,000	6,252,203	8.56
City & Borough of Sitka	1,641,483	0	2,523,860	14,537,378	45,952,895	694,660	0	912,184	\$66,262,460	9,622,755	6.89
Municipality of Skagway	3,485,620	0	0	631,542	11,446,987	0	0	429,721	\$15,993,870	496,178	32.23
City & Borough of Wrangell	409,023	0	212,450	4,355,639	11,017,175	578,010	0	596,467	\$17,168,764	376,375	45.62
<b>Cities</b>											
Bethel*	\$3,937	\$0	\$0	\$0	\$28,113,307	\$0	\$804,164	\$386,834	\$29,308,242	\$292,413	100.23
Cordova	1,517,031	351,180	967,800	3,798,931	3,814,120	240,080	393,230	206,187	11,288,559	1,677,461	6.73
Dillingham	419,943	0	823,059	7,073,906	3,306,221	641,300	422,987	210,469	12,897,885	1,176,090	10.97
Hoonah	756,778	0	69,285	1,985,070	17,940,715	0	137,204	132,967	21,022,019	112,550	186.78
Homer*	197,140	0	0	0	8,412,982	753,410	0	341,161	9,704,693	281,953	34.42
Ketchikan*	2,465,255	0	0	0	42,739,607	0	0	490,456	45,695,318	6,873,961	6.65
Kenai*	363,172	0	0	0	12,000,286	0	14,252	435,315	12,813,025	178,598	71.74
King Cove*	524,085	0	0	0	525,865	0	0	141,816	1,191,766	104,554	11.40
Kodiak*	1,371,504	0	0	0	34,262,183	1,208,290	0	401,964	37,243,941	972,604	38.29
Nome	54,785	0	227,456	9,236,220	25,898,586	0	438,945	274,840	36,130,832	782,589	46.17
North Pole*	61,605	0	0	0	1,520,959	0	0	198,860	1,781,424	107,850	16.52
Palmer*	151,713	0	0	0	10,510,646	0	0	387,025	11,049,384	271,500	40.70
Petersburg	1,056,400	0	496,743	6,173,620	17,537,394	308,020	512,947	537,910	26,623,034	1,528,989	17.41
Sand Point*	365,756	0	0	0	2,685,941	0	0	142,768	3,194,465	162,822	19.62
Seward*	869,806	0	0	0	25,303,572	655,470	0	227,025	27,055,873	3,513,651	7.70
Soldotna*	46,057	0	0	0	9,543,863	0	0	300,531	9,890,451	219,162	45.13
Unalaska	8,542,195	367,445	827,546	4,958,635	3,166,125	762,050	763,584	322,844	19,710,424	3,764,204	5.24
Valdez	485,678	213,188	2,030,545	4,955,679	14,756,795	630,250	703,602	293,157	24,068,894	2,066,563	11.65
Wasilla*	252,454	0	0	0	22,839,885	0	0	596,467	23,688,806	417,744	56.71

\* Communities that are located in a borough which operates the public schools in the community and receives that related Education Support Funding.

(1) Matching grants are appropriated by the Alaska State Legislature and can vary significantly from year to year.

(2) Includes annual debt service on general obligation and revenue-backed loans issued through AMBB.

(3) Borrowers to this issue.

APPENDIX C  
Government Unit Statistics  
Regarding Participation in the Bond Bank

**APPENDIX C**  
**GOVERNMENTAL UNIT STATISTICS**  
**REGARDING PARTICIPATION IN THE BOND BANK**

**2005 GENERAL BOND RESOLUTION**  
**OUTSTANDING LOAN PRINCIPAL TO GOVERNMENTAL UNIT BORROWERS OF THE**  
**ALASKA MUNICIPAL BOND BANK**  
**AS OF JANUARY 1, 2014**  
**(Does Not Include 2014 Series Two Bonds)**

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	135,595,000	17.64%
City and Borough of Juneau	108,020,000	14.05%
Kenai Peninsula Borough	94,690,000	12.32%
Kodiak Island Borough	68,710,000	8.94%
City of Ketchikan	63,235,000	8.22%
Ketchikan Gateway Borough	41,760,000	5.43%
City of Seward	40,425,000	5.26%
City of Unalaska	35,190,000	4.58%
Northwest Arctic Borough	30,505,000	3.97%
Aleutians East Borough	27,360,000	3.56%
Lake & Peninsula Borough	18,225,000	2.37%
City of Cordova	15,020,000	1.95%
City of Kodiak	13,695,000	1.78%
City of Dillingham	12,505,000	1.63%
City of Petersburg	9,265,000	1.21%
City of Nome	5,595,000	0.73%
Municipality of Skagway	5,460,000	0.71%
City of King Cove	1,100,000	0.14%
City of Homer	3,735,000	0.49%
City of Bethel	2,940,000	0.38%
City of Valdez	2,725,000	0.35%
City of Sand Point	2,615,000	0.34%
City of Soldotna	2,225,000	0.29%
City of Wasilla	1,880,000	0.24%
City of Kenai	1,775,000	0.23%
City of Hoonah	1,190,000	0.15%
Haines Borough	1,180,000	0.15%
City of Palmer	860,000	0.11%
City of North Pole	820,000	0.11%
City and Borough of Wrangell	390,000	0.05%
Reserve Obligations	20,130,000	2.62%
<b>Total Outstanding Par</b>	<b>\$768,820,000</b>	<b>100.00%</b>

**DEBT SERVICE OF OUTSTANDING GENERAL OBLIGATION LOANS TO GOVERNMENTAL UNIT BORROWERS OF THE ALASKA  
MUNICIPAL BOND BANK UNDER THE 2005 GENERAL BOND RESOLUTION  
FISCAL YEARS 2014-2023  
(Includes 2014 Series Two Bonds)**

**(Table reflects Loan Payments through fiscal year 2023. Debt service on bonds issued under the 2005 Resolution continues to fiscal year 2049.)**

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Ketchikan Utility - 2005 Loan	\$1,315,180	\$1,330,180	\$1,331,680	\$1,332,480						
City of Nome - 2005 Loan	301,338	302,338	302,838	299,838	301,433	302,564	303,114	303,244	302,709	301,744
Kenai Peninsula Borough Cent. Em. Svcs. Dist. - 2006 Loan	190,128	190,728	191,128	191,328	191,171	190,809	190,071	194,121	192,671	190,890
City of Seward - 2005 Port Loan	116,935	118,435	114,685	116,685	118,405	114,899	116,329	117,549	118,464	119,164
City of Seward - 2005 Refunding	286,750	288,750								
City of Seward - 2006 Port Loan	344,380	346,380	342,980	344,380	345,099	345,405	344,993	344,155	347,760	345,510
City of Ketchikan Port - 2006 Loan	2,559,450	2,556,156	2,555,069	2,556,963	2,553,063	2,548,063	2,550,038	2,543,850	2,544,363	2,541,300
City of Nome - 2007 Refunding	177,488	181,397	179,894	177,419	180,247	182,859	180,619	178,609		
Northwest Arctic Borough - 2007 Refunding	256,331	256,094	255,856	1,259,844	1,249,172	1,248,350	1,248,825	1,245,163		
City of Petersburg - 2007 Refunding	147,181	147,131	141,944	145,919	140,159	144,391	143,681	147,991		
City of Seward - 2007 Refunding	241,838	243,859	235,606	241,044	241,709	237,394	238,363	234,525	239,994	
City and Borough of Sitka - 2007 Refunding	846,575	845,341	847,319	848,781	851,672	849,219				
City of Wasilla - 2007 Refunding	417,744	422,263	420,819	421,681	423,241	424,588				
Kenai Peninsula Borough - 2007 Loan	314,538	316,725	313,225	312,625						
City of Petersburg - 2007 Loan	91,281	88,925	91,431	88,544	90,778	92,894	90,100	92,356	89,425	91,297
Aleutians East Borough - 2007 Refunding	1,206,238	1,203,438	945,438	947,338	1,772,238	1,818,363	1,835,863	1,844,988	1,856,938	2,121,938
South Kenai Peninsula Hospital - 2007 Refunding	145,900	145,300	144,700	144,100	143,500	142,825	146,950	789,450	788,250	784,350
City and Borough of Juneau - 2007 III Dock Loan	753,159	748,813	747,175	749,575	746,875	749,125	745,500	746,000	745,500	748,875
City of Bethel - 2007 III Court Facility Loan	292,413	295,225	291,838	293,038	294,125	295,125	290,750	291,000	290,750	290,000
Kenai Peninsula Borough South Hospital Service Area	1,129,569	1,129,600	1,128,569	1,126,475	1,127,363	1,124,313	1,122,938	1,119,813	1,119,813	1,117,813
City of Kodiak M&P Loan	128,621	126,221	128,671	125,971	128,121	125,121	127,521	125,287	127,878	125,313
City of Kodiak Lift Loan	243,580	244,530	240,330	240,980	241,330	241,380	242,030	243,271	244,186	244,804
Kodiak Island Borough 2008 One Loan	625,210	624,210	622,460	624,960	620,160	624,960	623,960	621,323	623,048	623,360
City of Dillingham 2008 One Loan	1,176,090	1,176,090	1,179,590	1,176,340	1,178,540	1,174,540	1,174,540	1,176,390	1,176,753	1,179,565
Kodiak Police Station 2008 One Loan	529,990	531,240	531,990	532,240	529,040	505,640	507,840	509,128	504,990	505,365
City of Seward Long Term Care 2008 One Loan	1,970,663	1,971,413	1,970,163	1,971,913	1,970,513	1,972,713	1,973,313	1,969,750	1,969,488	1,970,925
City and Borough of Sitka 2008 Two Loan	563,445	562,045	565,245	562,845	564,725	564,625	564,005	562,355	564,645	565,610
Municipality of Skagway 2008 Two Loan	394,235	391,235	393,035	394,435	395,210	391,110	395,330	393,630	396,210	392,815
City of Seward 2008 Two Loan	393,686	393,886	393,886	393,686	393,151	394,751	393,151	391,176	393,816	395,826
City of Unalaska 2009 One Loan	1,914,000	1,916,800	1,909,900	1,912,900	1,909,025	1,908,275	1,905,525	1,905,650	1,903,525	1,904,025
City of Kodiak 2009 One Boat Lift Loan	70,413	69,613	68,713	67,713	71,588	70,338	69,088	67,838	71,463	69,963
City of Unalaska 2009 Two Loan	561,425	559,025	558,775	558,800	563,588	560,413				
Kodiak Island Borough 2009 Two Loan	1,502,800									
City of Cordova 2009 Two Loan	1,370,481	1,370,681	1,371,656	1,367,969	1,369,094	1,371,244	1,369,906	1,369,906	1,367,906	1,371,706
City of Nome 2009 Two Loan	54,263	53,263	52,138	51,075	55,044	53,694	52,269	55,769	54,019	52,181
City and Borough of Juneau - 2009 Three Loan	1,479,850	1,493,075	1,500,650	1,485,600	1,495,800	1,444,800	1,468,800			
Ketchikan Gateway Borough-2009 Four Loan	1,775,819	1,774,769	1,777,769	1,775,519	1,768,232	1,754,104	1,743,479	1,731,390	1,722,642	1,707,107
Kenai Peninsula Borough-2009 Four Loan	1,055,150	1,055,600								
City of Kenai-2010 One Loan	178,598	176,198	178,798	175,398	176,998	178,398	172,704	172,011	171,018	164,725
Ketchikan Gateway Borough-2010 One Loan	729,000	722,050	729,800	725,800	731,000	730,000	728,000			
Northwest Arctic Borough-2010 One Loan	281,215	282,465	283,565	283,165	282,565	281,765	280,765	284,565	281,315	276,127
City of Petersburg-2010 One Loan	239,419	236,269	238,044	239,094	234,494	234,794	234,894	234,794	238,694	235,849
City of Unalaska-2010 One Loan	426,699	425,999	425,149	427,149	428,749	424,949	425,949	426,549	424,299	424,017

Table Continues on Following Page.

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Northwest Arctic Borough - 2010 Refunding	970,750	969,350	967,200							
City and Borough of Juneau - 2010 Two Loans	1,143,819	1,141,794	1,139,319	1,139,029	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639
City of Cordova 2010 Two Loan	46,955	45,905	49,780	48,430	46,859	45,138	48,188	46,070		
City of King Cove 2010 Two Loan	42,712	42,112	41,512	45,743	44,762	43,686	42,540	41,363	40,155	38,847
Aleutians East Borough - 2010 Loan	399,778	399,003	397,078	398,878	395,378	396,578	397,966	392,943	390,877	383,441
City of King Cove 2010 Three Loan	61,842	60,942	59,892	58,692	62,392	60,992	59,680	58,205	61,359	59,389
City of Unalaska 2010 Three Loan	435,192	438,892	436,267	437,267	437,867	438,067	433,605	432,617	429,319	420,652
Kenai Peninsula Borough 2010 Four Loan	1,487,777	1,477,241	1,468,022	1,459,887	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946
City of Ketchikan 2010 Four Loan	632,888	631,272	628,044	623,153	616,549	608,190	603,500	597,854	586,163	578,214
Ketchikan Gateway Borough 2010 Four Loan	339,087	334,573	333,976	332,198	324,287	320,209	315,233	314,574	308,091	300,753
City and Borough of Sitka 2010 Four Loan	4,069,032	4,082,982	4,064,732	4,064,932	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926
City of Soldotna 2010 Four Loan	219,162	216,905	219,070	215,646	216,594	211,905	211,752	206,311	205,509	199,279
City and Borough of Wrangell 2011 One Loan	26,275	25,675	25,075	24,475	28,875	28,000	27,000	26,000		
Kodiak Island Borough 2011 One Loan	624,850	626,000	621,850	622,550	622,950	621,400	622,800	623,600	623,800	625,513
City and Borough of Juneau 2011 Two Loan	660,231	659,631	658,831	657,831	658,831	657,300	659,600	655,200		
City and Borough of Sitka 2011 Two Loan	411,709	412,209	407,609	408,009	412,134	410,090	407,590	407,390	411,790	407,690
Aleutians East Borough 2011 Three Refunding	298,000	569,125	833,750	976,625	229,375	229,875	226,000	231,625	230,625	
Kenai Peninsula Borough 2011 Three Refunding	1,169,000	1,656,275	1,647,050	1,640,450	1,630,075	1,621,825	1,617,850	967,375	958,750	953,250
Ketchikan Gateway Borough 2011 Three Refunding	618,600	620,325	621,250	616,300	618,175	618,800	615,900	616,875	614,000	609,875
Northwest Arctic Borough 2011 Three Refunding	1,336,500	2,493,150	2,484,400	2,491,900	2,486,775	2,492,025	2,492,700	2,488,875	2,485,000	2,485,625
Wrangell 2011 Three Refunding	96,300	87,600	93,800	41,000						
Kenai Peninsula Borough (Central Hospital) 2011 Three	1,343,600	3,522,725	3,525,050	3,522,125	3,521,750	3,520,000	3,521,000	3,525,500	3,528,625	3,533,750
City of Cordova 2011 Three	58,400	56,600	54,800	57,875	55,625	53,375	56,250	54,000	56,375	
City of Hoonah 2011 Three	112,550	110,075	107,600	114,875	111,625	113,250	90,500	93,125	90,375	92,500
Kodiak Island Borough 2011 Three	298,800	301,350	298,600	300,475	300,975	300,975	301,550	301,625	300,125	298,125
Municipality of Skagway 2011 Three	35,700	35,025	34,350	33,675	37,800	36,800	35,900	35,000	34,000	37,875
City of Seward 2011 Three	159,400	242,275	243,350	244,175	244,300	244,175	244,350	244,275	243,400	242,275
City and Borough of Juneau G. O. Refunding 2012 One	1,319,500	1,323,700	1,319,125	1,091,625						
Juneau Wildflower Court Refunding 2012 One	1,569,700	1,637,075	1,702,025	1,344,900	1,418,125	1,486,925	1,555,825	437,725	484,575	534,966
Juneau 2012 Two	318,000	1,892,250	1,902,150	1,920,400	1,940,250	1,958,400				
City of Ketchikan 2012 Two	357,794	358,344	356,944	354,444	356,644	352,519	352,019	355,894	355,344	354,294
Ketchikan Gateway Borough 2012 Two	135,450	135,450	689,150	686,150	682,350	689,250	681,625			
Kodiak Island Borough 2012 Two	503,550	503,550	1,449,250	1,449,850	1,439,500	1,447,950	1,439,025	1,442,275	1,433,950	1,433,125
City of Nome 2012 Two	52,150	145,725	147,300	148,200	148,900	148,825	147,950	146,825	146,100	150,000
City of North Pole 2012 Two	41,600	36,550	36,550	100,250	102,550	99,400	100,775	101,900	103,200	104,250
City of Palmer 2012 Two	37,550	37,550	111,050	108,050	105,800	108,450	104,850	105,725	106,800	107,625
City of Petersburg 2012 Two	175,400	333,000	494,000	490,600	496,600	491,075	488,125	488,375	489,750	485,250
City and Borough of Sitka 2012 Two	1,061,450	1,058,050	1,455,650	1,456,250	1,460,150	1,456,775	1,455,650	1,456,650	1,451,200	1,453,000
City of Valdez 2012 Two	126,350	126,350	341,950	347,850	348,250	351,850	343,725	340,225	342,550	344,125
Haines Borough 2012 Three	84,208	83,919	87,219	85,981	84,744	82,719	85,344	82,844	85,219	87,344
Juneau 2012 Three Refunding	396,616	903,050	909,050	916,950	918,950	928,250	937,125	948,625	947,875	959,750
Juneau 2012 Three School Construction	1,584,494	1,482,875	1,455,375	1,440,838	1,430,600	1,400,375	1,363,625	1,364,875	1,363,125	1,363,250

Table Continues on Following Page.

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Petersburg 2012 Three	104,978	103,925	101,525	104,838	103,050	105,000	101,500	102,875	104,000	104,875
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	83,488	94,020	97,420	95,620	93,820	97,020	94,520	97,520	95,320	93,120
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,680,044	1,656,213	1,652,113	1,657,213	1,659,263	1,665,563	1,661,863	1,661,513	1,666,713	1,665,313
City and Borough of Juneau 2013 One	198,241	204,610	201,010	202,410	203,610	199,610	204,610	200,210	200,810	201,210
Ketchikan Gateway Borough 2013 One	540,621	610,150	608,150	610,550	607,150	608,150	608,400	607,600	611,000	608,400
Kodiak Island Borough 2013 One	1,496,335	1,689,340	1,690,140	1,689,740	1,688,140	1,690,340	1,687,590	1,691,790	1,689,390	1,690,590
City of Sand Point 2013 One	162,822	180,580	183,180	180,580	182,980	180,180	181,680	183,680	180,480	182,280
City and Borough of Sitka (Harbor) 2013 One	272,728	310,700	310,300	309,700	308,900	307,900	310,150	308,550	311,750	309,550
City and Borough of Sitka (Electric) 2013 One	1,557,216	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360
City of Homer 2013 Two	281,953	287,350	289,750	292,050	287,850	288,650	289,300	293,300	291,900	290,300
City of Ketchikan 2013 Two	1,182,650	1,700,400	1,064,400	1,069,500	1,069,200	1,068,450	1,072,250	1,069,850	1,071,650	1,072,450
Kodiak Island Borough 2013 Two	711,253	1,353,688	1,355,538	1,356,788	1,355,988	1,355,888	1,360,188	1,361,588	1,361,788	1,363,038
Municipality of Skagway 2013 Two	66,243	67,550	66,950	71,350	70,300	69,250	68,200	71,800	70,200	68,600
City and Borough of Juneau 2013 Three		914,231	911,700	914,525	913,375	911,625	915,300	914,100	911,700	913,000
Kenai Peninsula Borough		1,698,935	1,701,550	1,702,125	1,698,275	1,698,750	1,699,100	1,699,000	1,702,400	1,699,300
Lake and Peninsula Borough 2013 Three		1,478,931	1,479,800	1,477,950	1,482,175	1,480,725	1,479,850	1,479,250	1,477,450	1,479,350
City and Borough of Sitka 2013 Three		1,637,233	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750
Kenai Peninsula Borough 2014 One		2,964,268	2,964,831	2,965,311	2,960,730	2,965,472	2,964,300	2,962,652	2,962,764	2,962,500
Kodiak Island Borough 2014 One		1,779,628	1,779,100	1,780,250	1,777,950	1,779,750	1,780,150	1,777,150	1,776,400	1,778,000
City and Borough of Juneau 2014 One		413,353	412,400	413,050	410,800	409,800	413,600	410,300	412,050	410,050
Total Loan Obligation DS	\$62,000,359	\$79,726,071	\$79,786,455	\$79,399,822	\$76,729,893	\$76,681,453	\$72,846,066	\$70,055,275	\$67,099,565	\$66,748,290

## APPENDIX D

### Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 General Bond Resolution

Kenai Peninsula Borough - General Fund General Obligation Financial Summary						
Municipal Financial Position	2009	2010	2011	2012	2013	Average
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Municipal Levy	\$26,779,449	\$28,875,124	\$29,058,274	\$30,419,493	\$30,823,497	\$58,500,541.80
Current Year's Collections	\$26,431,968	\$28,375,677	\$28,630,610	\$29,946,804	\$30,382,636	\$57,650,845
Current Collection Rate	98.70%	98.27%	98.53%	98.45%	98.57%	98.55%
Total Year's Collections	\$26,773,902	\$28,863,520	\$29,005,996	\$30,353,606	\$30,382,636	\$58,383,843.40
Total Collection Rate	99.98%	99.96%	99.82%	99.78%	98.57%	99.80%
<b>General Fund</b>						
Total Ending Fund Balance	\$ 25,138,217	\$ 23,025,423	\$ 21,705,814	\$ 21,466,583	\$ 23,310,985	
Unreserved Ending Fund Balance	\$ 24,604,294	\$ 22,864,839	\$ 21,454,058	\$ 21,268,520	\$ 16,296,148	\$40,527,575
Expenditures	\$ 69,119,691	\$ 70,829,556	\$ 72,163,558	\$ 71,347,868	\$ 72,452,478	\$129,385,561
Fund Balance/Expenditures	36%	32%	30%	30%	22%	30%
Total Revenues	\$ 69,797,834	\$ 68,716,762	\$ 70,799,893	\$ 71,108,637	\$ 74,255,493	\$129,722,052
Intergovernmental Revenues	\$ 9,477,866	\$ 8,987,813	\$ 8,538,331	\$ 9,749,464	\$ 10,392,037	\$16,271,826
Percentage Intergovernmental	14%	13%	12%	14%	14%	13%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Revenue Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Debt	\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds (General Fund only)	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
Total Revenue and General Obligation Debt	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
Governmental GO Debt/Assessed Value (mry)	0.30%	0.32%	0.53%	0.46%	0.40%	
Enterprise GO Debt / Assessed Value (mry)	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt/A.V. (mry)	0.30%	0.32%	0.53%	0.46%	0.40%	
General Obligation Debt Per Capita	\$338	\$380	\$612	\$536	\$473	
Total Revenue and GO Debt Per Capita	\$338	\$380	\$612	\$536	\$473	
<b>General Economic and Demographic Data</b>						
	2009	2010	2011	2012	2013	Annual Growth Rate
Population	52,990	53,578	55,400	56,369	56,756	0.69%
Assessed Value	\$ 5,966,757,000	\$ 6,369,098,000	\$ 6,393,531,000	\$ 6,633,241,000	\$ 6,716,010,000	1.25%
Assessed Value Per Capita	\$ 112,602	\$ 118,875	\$ 115,407	\$ 117,675	\$ 118,331	
Top 10 Tax Payers as a % of Total Assessed Value	15.77%	15.23%	14.38%	16.18%	15.80%	

(1) 2013 Unreserved Fund Balance is Net of Note Receivable to the City of Homer in the amount of \$6,944,837 for installation of natural gas to community, secured by assessments on all benefited properties

<b>CITY AND BOROUGH OF SITKA</b>						
<b>GENERAL OBLIGATION FINANCIAL SUMMARY</b>						
<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Municipal Levy	\$5,735,000	\$5,768,331	\$5,799,400	\$5,904,617	\$5,957,735	\$5,833,017
Current Year's Collections	\$5,689,030	\$5,735,962	\$5,753,039	\$5,874,918	\$5,893,452	\$5,789,280
Current Collection Rate	99.20%	99.44%	99.20%	99.50%	98.92%	99.25%
Total Year's Collections	\$5,746,123	\$5,801,822	\$5,807,869	\$5,909,321	\$5,893,452	\$5,831,717
Total Collection Rate	100.19%	100.58%	100.15%	100.08%	98.92%	99.98%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 7,193,254	\$ 8,853,936	\$ 11,508,475	\$ 13,584,873	\$ 14,268,394	\$ 11,081,786
Expenditures	\$ 23,817,458	\$ 23,597,203	\$ 23,260,649	\$ 24,075,729	\$ 23,691,912	\$ 23,688,590
Fund Balance/ Expenditures	30%	38%	49%	56%	60%	46.77%
Total Revenues	\$ 25,925,306	\$ 24,882,306	\$ 24,709,916	\$ 26,584,728	\$ 25,953,885	\$ 25,611,228
Intergovernmental Revenues	\$ 2,393,157	\$ 2,219,501	\$ 2,380,298	\$ 2,659,323	\$ 2,693,860	\$ 2,469,228
Percentage Intergovernmental	9%	9%	10%	10%	10%	9.63%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 50,517,063	\$ 48,467,078	\$ 68,807,401	\$ 68,593,411	\$ 106,145,822	
Revenue Debt - Governmental Funds	\$ 185,250	\$ 175,500	\$ 165,750	\$ 156,000	\$ 146,250	
General Obligation Debt - Governmental Funds	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	
Total Revenue and General Obligation Debt	\$ 85,112,313	\$ 81,192,578	\$ 105,273,151	\$ 101,039,411	\$ 137,312,072	
Governmental GO Debt/Taxable Assessed Value	3.65%	3.42%	3.69%	3.26%	3.10%	
Total Revenue and GO Debt/A.V.	9.04%	8.52%	10.69%	10.20%	13.72%	
General Obligation Debt Per Capita	\$3,989	\$3,665	\$4,138	\$3,607	\$3,415	
Total Revenue and GO Debt Per Capita	\$9,866	\$9,142	\$12,000	\$11,287	\$15,116	
<b>General Economic and Demographic Data</b>						
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>Annual Growth Rate</b>
Population	8,627	8,881	8,773	8,952	9,084	1.47%
Taxable Assessed Value	\$ 941,464,880	\$ 953,574,685	\$ 985,073,129	\$ 990,930,238	\$ 1,001,066,784	0.59%
Assessed Value Per Capita	\$ 109,130	\$ 107,372	\$ 112,285	\$ 110,694	\$ 110,201	
Top 10 Tax Payers as a % of Assessed Value	8.36%	8.21%	7.64%	7.57%	7.57%	

<b>City and Borough of Sitka Electric Enterprise Fund Financial Summary</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Assets</b>					
Cash	8,993,721	8,868,159	24,320,421	31,450,650	28,803,187
Restricted Assets	7,376,785	7,149,277	6,871,164	3,595,875	21,197,459
Other Assets	3,602,067	4,256,023	5,010,167	7,266,275	13,897,615
Construction in Progress	2,883,684	5,555,467	11,646,987	18,086,724	58,930,539
Utility Plant in Service	<u>66,094,407</u>	<u>64,914,833</u>	<u>63,103,150</u>	<u>61,775,003</u>	<u>59,900,343</u>
<b>Total Assets</b>	<b>88,950,664</b>	<b>90,743,759</b>	<b>110,951,889</b>	<b>122,174,527</b>	<b>182,729,143</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Other Liabilities	419,304	636,920	1,722,772	2,477,182	6,355,564
Revenue Bonds Payable	30,395,000	28,090,000	48,700,000	47,570,000	79,485,000
Deferred loss/premium on bonds	(954,781)	(815,343)	1,471,509	(1,711,547)	5,943,338
Revenue Note Payable	<u>9,299,130</u>	<u>9,054,598</u>	<u>8,800,188</u>	<u>8,535,498</u>	<u>7,973,608</u>
<b>Total Liabilities</b>	<b>39,158,653</b>	<b>36,966,175</b>	<b>60,694,469</b>	<b>56,871,133</b>	<b>99,757,510</b>
<b>Net Assets</b>	<b>49,792,011</b>	<b>53,777,584</b>	<b>50,257,420</b>	<b>65,303,394</b>	<b>82,971,633</b>
<b>Operating Revenues</b>	<b>11,846,117</b>	<b>10,852,914</b>	<b>11,401,523</b>	<b>11,611,319</b>	<b>12,077,554</b>
<b>Operating Expenses</b>					
Administrative and General	1,955,508	1,699,737	1,739,698	2,003,768	1,975,492
Operation and Maintenance	4,465,023	4,366,115	5,257,342	5,914,895	5,152,028
Depreciation	<u>1,998,438</u>	<u>1,994,177</u>	<u>1,987,558</u>	<u>1,971,739</u>	<u>1,986,195</u>
<b>Operating Income</b>	<b>3,427,148</b>	<b>2,792,885</b>	<b>2,416,925</b>	<b>1,720,917</b>	<b>2,963,839</b>
<b>Nonoperating revenue (expense)</b>					
Investment Income	642,422	523,298	490,986	459,107	314,600
Interest Expense	(2,469,192)	(2,369,426)	(1,725,198)	(2,848,639)	(1,678,238)
Other	<u>351,823</u>	<u>208,962</u>	<u>-</u>	<u>625,748</u>	<u>572,946</u>
<b>Net Income before contributions and transfers</b>	<b>1,952,201</b>	<b>1,155,719</b>	<b>1,182,713</b>	<b>(42,867)</b>	<b>2,173,147</b>
Capital contributions	603,582	2,853,752	4,039,237	5,266,050	17,169,455
Extraordinary Item:					
Net Pension Obligation Relief	281,345		119,824	139,806	325,771
Transfer In (Out) net	<u>-</u>	<u>(23,898)</u>	<u>-</u>	<u>-</u>	<u>(998,128)</u>
<b>Change In Net Assets</b>	<b><u>2,837,128</u></b>	<b><u>3,985,573</u></b>	<b><u>5,341,774</u></b>	<b><u>5,362,989</u></b>	<b><u>18,670,245</u></b>
Population of City and Borough					
	8,627	8,881	8,773	8,952	9,084
# of electric customers	5,257	5,278	5,282	5,309	5,403
KwH Sold	114,866,192	108,739,970	111,795,344	111,048,623	111,155,330
Revenue Bond Debt Service	4,106,690	4,108,407	3,477,959	3,467,567	4,529,240
Revenue Bond Coverage (> 1.25)	1.56	1.34	1.41	1.43	1.27

Note: \$1,440,000 transferred into Rate Stabilization Fund in FY2013

Note: Total of rate Stabilization Fund as of June 30, 2013 - \$2,151,000

**CITY AND BOROUGH OF JUNEAU  
FINANCIAL SUMMARY  
General Governmental Fund**

<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$10.37	\$10.60	\$10.51	\$10.55	\$10.55	\$10.52
Municipal Levy	\$40,446,577	\$41,048,853	\$40,739,944	\$41,751,673	\$44,252,019	\$41,647,813
Current Year's Collections	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$41,319,668
Current Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
Total Year's Collections	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$41,319,668
Total Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
<b>General Fund</b>						
Unassigned Plus Emergency Operating Res (GASB#54)	\$ 5,479,594	\$ 5,714,731	\$ 1,729,385	\$ 3,438,792	\$ 4,374,670	\$ 4,147,434
Expenditures	\$ 48,556,036	\$ 49,158,125	\$ 50,540,314	\$ 51,283,781	\$ 50,497,977	\$ 50,007,247
Fund Balance/Expenditures	11.29%	11.63%	3.42%	6.71%	8.66%	8.34%
Total Revenues	\$ 67,503,826	\$ 66,541,842	\$ 66,008,466	\$ 50,055,357	\$ 52,089,033	\$ 60,439,705
Intergovernmental Revenues	\$ 14,141,624	\$ 12,389,683	\$ 14,313,000	\$ 15,464,700	\$ 15,281,700	\$ 14,318,141
Percentage Intergovernmental	21%	19%	22%	31%	29%	24.30%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 47,552,969	\$ 46,370,845	\$ 45,208,341	\$ 43,679,682	\$ 41,906,067	
Revenue Debt - Governmental Funds	\$ 2,888,891	\$ 2,718,662	\$ 3,599,575	\$ 2,861,747	\$ 2,091,457	
General Obligation Debt - Governmental Funds	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	
Total Revenue and General Obligation Debt	\$ 192,984,860	\$ 205,445,507	\$ 197,108,916	\$ 179,987,429	\$ 175,382,524	
Governmental GO Debt/Taxable Assessed Value	3.60%	3.98%	3.72%	3.28%	3.07%	
Total Revenue and GO Debt/A.V.	4.87%	5.22%	4.94%	4.42%	4.10%	
General Obligation Debt Per Capita	\$4,641	\$4,999	\$4,742	\$4,133	\$4,069	
Total Revenue and GO Debt Per Capita	\$6,284	\$6,569	\$6,302	\$5,574	\$5,431	
<b>General Economic and Demographic Data</b>						
Population	30,711	31,275	31,275	32,290	32,290	3.25%
Taxable Assessed Value	\$ 3,964,306,237	\$ 3,933,364,442	\$ 3,989,344,944	\$ 4,071,713,732	\$ 4,275,067,217	7.16%
Assessed Value Per Capita	\$ 129,084	\$ 125,767	\$ 127,557	\$ 126,098	\$ 132,396	
Top 10 Tax Payers as a % of Assessed Value	9.60%	10.52%	13.78%	13.73%	13.82%	

**CITY AND BOROUGH OF JUNEAU  
HARBOR ENTERPRISE FUND  
FINANCIAL SUMMARY**

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$13,081,747	\$11,923,364	\$13,827,335	\$12,844,129	\$11,875,368
Construction Work in Progress	27,841,706	29,935,711	29,889,294	33,499,769	42,397,974
Cash	3,299,922	4,470,053	4,728,522	4,660,755	3,466,374
Restricted Assets	9,929,753	7,588,584	10,702,703	11,196,479	10,946,328
Other Assets	1,178,214	866,059	764,741	847,869	543,407
<b>Total Assets</b>	<b>55,331,342</b>	<b>54,783,771</b>	<b>59,912,595</b>	<b>63,049,001</b>	<b>69,229,451</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	10,210,000	9,960,000	9,700,000	9,691,595	9,380,434
Other Liabilities	2,590,015	1,726,240	2,110,290	2,140,909	1,401,365
<b>Total Liabilities</b>	<b>12,800,015</b>	<b>11,686,240</b>	<b>11,810,290</b>	<b>11,832,504</b>	<b>10,781,799</b>
<b>NET ASSETS</b>	<b>42,531,327</b>	<b>43,097,531</b>	<b>48,102,305</b>	<b>51,216,497</b>	<b>58,447,652</b>
Operating Revenues	2,630,220	3,040,330	2,854,858	3,154,885	3,173,272
Operation and Maintenance	2,396,922	2,133,877	2,492,110	2,434,329	2,498,178
Administrative and General	-	-	-	-	-
Depreciation	1,048,281	799,254	899,956	986,619	968,761
<b>Operating Income (Loss)</b>	<b>(814,983)</b>	<b>107,199</b>	<b>(537,208)</b>	<b>(266,063)</b>	<b>(293,667)</b>
Non-Operating Revenue (Expense)	422,169	(183,181)	46,509	155,306	(214,686)
<b>Net Income (Loss) Before Contribution</b>	<b>(392,814)</b>	<b>(75,982)</b>	<b>(490,699)</b>	<b>(110,757)</b>	<b>(508,353)</b>
Capital Contributions	317,339	242,186	1,690,873	2,549,949	7,392,466
Net Transfers-In (Out)	3,250,000	400,000	3,804,600	675,000	500,000
Special item - NPO/OPEB write off	338,771	-	-	-	-
Change in Net Assets	3,513,296	566,204	5,004,774	3,114,192	7,384,113
Population of City	30,711	31,275	31,275	32,290	32,290
Revenue Bond Coverage	1.67	2.19	1.19	1.79	1.21

**Conduit Debt**  
**WILDFLOWER COURT (A not for profit organization)**  
**FINANCIAL SUMMARY**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Audited	Audited	Audited	Audited	Audited
<b>ASSETS</b>					
Plant In-Service	7,422,377	6,520,271	5,674,338	4,909,305	4,620,999
Cash	1,162,402	1,500,220	1,255,867	1,582,128	1,752,043
Restricted Assets	1,756,235	1,760,358	1,735,178	1,707,402	2,170,928
Other Assets	1,149,867	1,142,642	1,312,915	1,399,517	1,444,749
<b>Total Assets</b>	<b>11,490,881</b>	<b>10,923,491</b>	<b>9,978,298</b>	<b>9,598,352</b>	<b>9,988,719</b>
<b>LIABILITIES AND NET ASSETS</b>					
Bond Debt	14,850,000	14,250,000	13,650,000	13,050,000	11,705,000
Other Liabilities	923,777	872,825	878,190	904,428	2,052,663
<b>Total Liabilities</b>	<b>15,773,777</b>	<b>15,122,825</b>	<b>14,528,190</b>	<b>13,954,428</b>	<b>13,757,663</b>
<b>NET ASSETS (DEFICIT)</b>	<b>(4,282,896)</b>	<b>(4,199,334)</b>	<b>(4,549,892)</b>	<b>(4,356,076)</b>	<b>(3,768,944)</b>
Operating Revenues	8,972,432	10,290,008	10,361,609	10,859,195	10,841,324
Operating Expenses	8,438,613	9,302,040	9,802,944	9,894,353	9,594,317
Depreciation	988,053	951,871	937,147	832,579	780,765
<b>Operating Income (Loss)</b>	<b>(454,234)</b>	<b>36,097</b>	<b>(378,482)</b>	<b>132,263</b>	<b>466,243</b>
Non-Operating Revenue (Expense)	31,574	47,465	27,924	61,553	120,890
Change in Net Assets	(422,660)	83,562	(350,558)	193,816	587,132
<b>Revenue Bond Coverage</b>	<b>1.10</b>	<b>1.27</b>	<b>1.01</b>	<b>1.33</b>	<b>1.32</b>

\*This facility is a component unit of the City of Seward.

**CITY AND BOROUGH OF JUNEAU  
BARTLETT REGIONAL HOSPITAL  
FINANCIAL SUMMARY**

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$71,272,745	\$74,736,663	\$72,772,410	\$74,566,327	\$74,002,798
Construction Work in Progress	8,224,160	3,126,611	6,866,781	6,202,224	2,826,314
Cash	16,297,926	18,036,202	14,990,308	17,386,169	26,113,833
Restricted Assets	5,462,944	8,555,051	10,160,114	6,549,498	5,490,768
Other Assets	17,751,193	20,549,937	23,011,263	23,462,113	25,230,206
<b>Total Assets</b>	<b>119,008,968</b>	<b>125,004,464</b>	<b>127,800,876</b>	<b>128,166,331</b>	<b>133,663,919</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	26,740,000	26,165,000	25,570,000	24,926,795	25,304,679
Other Liabilities	10,484,387	11,066,147	11,391,053	8,999,867	8,829,067
<b>Total Liabilities</b>	<b>37,224,387</b>	<b>37,231,147</b>	<b>36,961,053</b>	<b>33,926,662</b>	<b>34,133,746</b>
<b>NET ASSETS</b>	<b>81,784,581</b>	<b>87,773,317</b>	<b>90,839,823</b>	<b>94,239,669</b>	<b>99,530,173</b>
Operating Revenues	76,333,369	82,640,681	90,680,836	95,026,373	84,250,207
Operation and Maintenance	66,831,133	72,975,632	83,883,389	89,411,913	76,967,444
Administrative and General	-	-	-	-	-
Depreciation	5,474,872	6,270,565	6,552,177	7,145,290	7,001,295
<b>Operating Income (Loss)</b>	<b>4,027,364</b>	<b>3,394,484</b>	<b>245,270</b>	<b>(1,530,830)</b>	<b>281,468</b>
Non-Operating Revenue (Expense)	243,415	911,555	1,579,634	3,306,366	4,119,820
Net Income (Loss) Before Contribution	4,270,779	4,306,039	1,824,904	1,775,536	4,401,288
Capital Contributions	870,700	536,697	89,002	471,910	134,658
Net Transfers-In (Out)	1,103,000	1,146,000	1,152,600	1,152,400	1,123,000
Special item - NPO/OPEB write off	1,006,456				
<b>Change in Net Assets</b>	<b>7,250,935</b>	<b>5,988,736</b>	<b>3,066,506</b>	<b>3,399,846</b>	<b>5,658,946</b>
Population of City	30,711	31,275	31,275	32,290	32,290
Revenue Bond Coverage	5.07	5.15	3.63	3.00	4.33

**APPENDIX E**

Financial Statements of the  
Alaska Municipal Bond Bank  
for the Year Ended June 30, 2013

**APPENDIX F**

2005 General Obligation Bond Resolution

## APPENDIX G

### DTC and Book-Entry System

## **DTC AND BOOK-ENTRY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2014 Series Two Bonds. The 2014 Series Two Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each sub-series of the 2014 Series Two Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of 2014 Series Two Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Series Two Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Series Two Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Series Two Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2014 Series Two Bonds, except in the event that use of the book-entry system for the 2014 Series Two Bonds is discontinued.

4. To facilitate subsequent transfers, all 2014 Series Two Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Series Two Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Series Two Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Series Two Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Series Two Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Series Two Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014 Series Two Bond documents. For example, Beneficial Owners of 2014 Series Two Bonds may wish to ascertain that the nominee holding the 2014 Series Two Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2014 Series Two Bonds within a maturity of a sub-series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2014 Series Two Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2014 Series Two Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2014 Series Two Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the 2014 Series Two Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2014 Series Two Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Series Two Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

SOURCES AND USES OF FUNDS

Series 2014 Two Bonds  
Series 2014 Two Bonds

Sources:	City of Ketchikan 2014 Harbor Bond	City of Ketchikan 2014 Hospital Bond	King Cove New Money Electric Loan	King Cove Electric 2013 USDA Refunding	Total
Bond Proceeds:					
Par Amount	2,665,000.00	38,655,000.00	455,000.00	700,000.00	42,475,000.00
Premium	358,316.85	4,660,384.20	61,242.25	58,302.55	5,138,245.85
	3,023,316.85	43,315,384.20	516,242.25	758,302.55	47,613,245.85
<b>Uses:</b>					
Project Fund Deposits:					
Project Fund Deposit	3,000,000.00	43,000,000.00	500,000.00		46,500,000.00
Refunding Escrow Deposits:					
Cash Deposit				736,821.81	736,821.81
Delivery Date Expenses:					
Cost of Issuance	1,612.42	23,387.58	9,848.48	15,151.52	50,000.00
Underwriter's Discount	19,987.50	289,912.50	3,412.50	5,250.00	318,562.50
	21,599.92	313,300.08	13,260.98	20,401.52	368,562.50
Other Uses of Funds:					
Additional Proceeds	1,716.93	2,084.12	2,981.27	1,079.22	7,861.54
	3,023,316.85	43,315,384.20	516,242.25	758,302.55	47,613,245.85

## BOND SUMMARY STATISTICS

### Series 2014 Two Bonds Series 2014 Two Bonds

Dated Date	06/24/2014
Delivery Date	06/24/2014
Last Maturity	06/01/2044
Arbitrage Yield	3.339002%
True Interest Cost (TIC)	3.962846%
Net Interest Cost (NIC)	4.299994%
NIC w/Interest only	4.936064%
NIC w/Interest & OID	4.299994%
NIC w/Interest, OID & Und. Discount	4.299994%
All-In TIC	4.025892%
Average Coupon	4.936064%
Average Life (years)	19.019
Weighted Average Maturity (years)	18.891
Duration of Issue (years)	12.593
Par Amount	42,475,000.00
Bond Proceeds	47,613,245.85
Total Interest	39,874,086.94
Net Interest	34,735,841.09
Bond Years from Dated Date	807,811,319.44
Bond Years from Delivery Date	807,811,319.44
Total Debt Service	82,349,086.94
Maximum Annual Debt Service	2,963,400.00
Average Annual Debt Service	2,750,827.81
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
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Total Underwriter's Discount	
Bid Price	112.097106

Bond Component	Par Value	Price	Average Coupon	Average Life
2014 Two Serial Bonds	42,475,000.00	112.097	4.936%	19.019
	42,475,000.00			19.019

	TIC	All-In TIC	Arbitrage Yield
Par Value	42,475,000.00	42,475,000.00	42,475,000.00
+ Accrued Interest			
+ Premium (Discount)	5,138,245.85	5,138,245.85	5,138,245.85
- Underwriter's Discount			
- Cost of Issuance Expense		-50,000.00	
- Other Amounts		-318,562.50	
Target Value	47,613,245.85	47,244,683.35	47,613,245.85
Target Date	06/24/2014	06/24/2014	06/24/2014
Yield	3.962846%	4.025892%	3.339002%

**BOND DEBT SERVICE**

Series 2014 Two Bonds  
City of Ketchikan 2014 Harbor Bond

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			51,962.64	51,962.64	
12/31/2014					51,962.64
06/01/2015	90,000	2.000%	59,575.00	149,575.00	
12/01/2015			58,675.00	58,675.00	
12/31/2015					208,250.00
06/01/2016	90,000	3.000%	58,675.00	148,675.00	
12/01/2016			57,325.00	57,325.00	
12/31/2016					206,000.00
06/01/2017	95,000	3.000%	57,325.00	152,325.00	
12/01/2017			55,900.00	55,900.00	
12/31/2017					208,225.00
06/01/2018	95,000	4.000%	55,900.00	150,900.00	
12/01/2018			54,000.00	54,000.00	
12/31/2018					204,900.00
06/01/2019	100,000	4.000%	54,000.00	154,000.00	
12/01/2019			52,000.00	52,000.00	
12/31/2019					206,000.00
06/01/2020	105,000	4.000%	52,000.00	157,000.00	
12/01/2020			49,900.00	49,900.00	
12/31/2020					206,900.00
06/01/2021	110,000	4.000%	49,900.00	159,900.00	
12/01/2021			47,700.00	47,700.00	
12/31/2021					207,600.00
06/01/2022	115,000	4.000%	47,700.00	162,700.00	
12/01/2022			45,400.00	45,400.00	
12/31/2022					208,100.00
06/01/2023	120,000	4.000%	45,400.00	165,400.00	
12/01/2023			43,000.00	43,000.00	
12/31/2023					208,400.00
06/01/2024	125,000	4.000%	43,000.00	168,000.00	
12/01/2024			40,500.00	40,500.00	
12/31/2024					208,500.00
06/01/2025	130,000	5.000%	40,500.00	170,500.00	
12/01/2025			37,250.00	37,250.00	
12/31/2025					207,750.00
06/01/2026	135,000	5.000%	37,250.00	172,250.00	
12/01/2026			33,875.00	33,875.00	
12/31/2026					206,125.00
06/01/2027	140,000	5.000%	33,875.00	173,875.00	
12/01/2027			30,375.00	30,375.00	
12/31/2027					204,250.00
06/01/2028	150,000	5.000%	30,375.00	180,375.00	
12/01/2028			26,625.00	26,625.00	
12/31/2028					207,000.00
06/01/2029	155,000	5.000%	26,625.00	181,625.00	
12/01/2029			22,750.00	22,750.00	
12/31/2029					204,375.00
06/01/2030	165,000	5.000%	22,750.00	187,750.00	
12/01/2030			18,625.00	18,625.00	
12/31/2030					206,375.00
06/01/2031	175,000	5.000%	18,625.00	193,625.00	
12/01/2031			14,250.00	14,250.00	
12/31/2031					207,875.00
06/01/2032	180,000	5.000%	14,250.00	194,250.00	
12/01/2032			9,750.00	9,750.00	
12/31/2032					204,000.00
06/01/2033	190,000	5.000%	9,750.00	199,750.00	
12/01/2033			5,000.00	5,000.00	
12/31/2033					204,750.00
06/01/2034	200,000	5.000%	5,000.00	205,000.00	
12/31/2034					205,000.00
	2,665,000		1,517,337.64	4,182,337.64	4,182,337.64

**BOND DEBT SERVICE**

Series 2014 Two Bonds  
City of Ketchikan 2014 Hospital Bond

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			817,468.47	817,468.47	
12/31/2014					817,468.47
06/01/2015			937,225.00	937,225.00	
12/01/2015			937,225.00	937,225.00	
12/31/2015					1,874,450.00
06/01/2016			937,225.00	937,225.00	
12/01/2016			937,225.00	937,225.00	
12/31/2016					1,874,450.00
06/01/2017			937,225.00	937,225.00	
12/01/2017			937,225.00	937,225.00	
12/31/2017					1,874,450.00
06/01/2018	735,000	4.000%	937,225.00	1,672,225.00	
12/01/2018			922,525.00	922,525.00	
12/31/2018					2,594,750.00
06/01/2019	765,000	4.000%	922,525.00	1,687,525.00	
12/01/2019			907,225.00	907,225.00	
12/31/2019					2,594,750.00
06/01/2020	800,000	4.000%	907,225.00	1,707,225.00	
12/01/2020			891,225.00	891,225.00	
12/31/2020					2,598,450.00
06/01/2021	830,000	4.000%	891,225.00	1,721,225.00	
12/01/2021			874,625.00	874,625.00	
12/31/2021					2,595,850.00
06/01/2022	865,000	4.000%	874,625.00	1,739,625.00	
12/01/2022			857,325.00	857,325.00	
12/31/2022					2,596,950.00
06/01/2023	900,000	4.000%	857,325.00	1,757,325.00	
12/01/2023			839,325.00	839,325.00	
12/31/2023					2,596,650.00
06/01/2024	935,000	4.000%	839,325.00	1,774,325.00	
12/01/2024			820,625.00	820,625.00	
12/31/2024					2,594,950.00
06/01/2025	980,000	5.000%	820,625.00	1,800,625.00	
12/01/2025			796,125.00	796,125.00	
12/31/2025					2,596,750.00
06/01/2026	1,030,000	5.000%	796,125.00	1,826,125.00	
12/01/2026			770,375.00	770,375.00	
12/31/2026					2,596,500.00
06/01/2027	1,080,000	5.000%	770,375.00	1,850,375.00	
12/01/2027			743,375.00	743,375.00	
12/31/2027					2,593,750.00
06/01/2028	1,140,000	5.000%	743,375.00	1,883,375.00	
12/01/2028			714,875.00	714,875.00	
12/31/2028					2,598,250.00
06/01/2029	1,195,000	5.000%	714,875.00	1,909,875.00	
12/01/2029			685,000.00	685,000.00	
12/31/2029					2,594,875.00
06/01/2030	1,260,000	5.000%	685,000.00	1,945,000.00	
12/01/2030			653,500.00	653,500.00	
12/31/2030					2,598,500.00
06/01/2031	1,320,000	5.000%	653,500.00	1,973,500.00	
12/01/2031			620,500.00	620,500.00	
12/31/2031					2,594,000.00
06/01/2032	1,390,000	5.000%	620,500.00	2,010,500.00	
12/01/2032			585,750.00	585,750.00	
12/31/2032					2,596,250.00
06/01/2033	1,460,000	5.000%	585,750.00	2,045,750.00	
12/01/2033			549,250.00	549,250.00	
12/31/2033					2,595,000.00
06/01/2034	1,535,000	5.000%	549,250.00	2,084,250.00	
12/01/2034			510,875.00	510,875.00	
12/31/2034					2,595,125.00
06/01/2035	1,615,000	5.000%	510,875.00	2,125,875.00	
12/01/2035			470,500.00	470,500.00	

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**BOND DEBT SERVICE**

Series 2014 Two Bonds  
City of Ketchikan 2014 Hospital Bond

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/31/2035					2,596,375.00
06/01/2036	1,700,000	5.000%	470,500.00	2,170,500.00	
12/01/2036			428,000.00	428,000.00	
12/31/2036					2,598,500.00
06/01/2037	1,785,000	5.000%	428,000.00	2,213,000.00	
12/01/2037			383,375.00	383,375.00	
12/31/2037					2,596,375.00
06/01/2038	1,875,000	5.000%	383,375.00	2,258,375.00	
12/01/2038			336,500.00	336,500.00	
12/31/2038					2,594,875.00
06/01/2039	1,970,000	5.000%	336,500.00	2,306,500.00	
12/01/2039			287,250.00	287,250.00	
12/31/2039					2,593,750.00
06/01/2040	2,075,000	5.000%	287,250.00	2,362,250.00	
12/01/2040			235,375.00	235,375.00	
12/31/2040					2,597,625.00
06/01/2041	2,180,000	5.000%	235,375.00	2,415,375.00	
12/01/2041			180,875.00	180,875.00	
12/31/2041					2,596,250.00
06/01/2042	2,290,000	5.000%	180,875.00	2,470,875.00	
12/01/2042			123,625.00	123,625.00	
12/31/2042					2,594,500.00
06/01/2043	2,410,000	5.000%	123,625.00	2,533,625.00	
12/01/2043			63,375.00	63,375.00	
12/31/2043					2,597,000.00
06/01/2044	2,535,000	5.000%	63,375.00	2,598,375.00	
12/31/2044					2,598,375.00
	38,655,000		37,880,793.47	76,535,793.47	76,535,793.47

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**BOND DEBT SERVICE**

Series 2014 Two Bonds  
King Cove New Money Electric Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			9,659.86	9,659.86	
12/31/2014					9,659.86
06/01/2015			11,075.00	11,075.00	
12/01/2015			11,075.00	11,075.00	
12/31/2015					22,150.00
06/01/2016			11,075.00	11,075.00	
12/01/2016			11,075.00	11,075.00	
12/31/2016					22,150.00
06/01/2017			11,075.00	11,075.00	
12/01/2017			11,075.00	11,075.00	
12/31/2017					22,150.00
06/01/2018			11,075.00	11,075.00	
12/01/2018			11,075.00	11,075.00	
12/31/2018					22,150.00
06/01/2019			11,075.00	11,075.00	
12/01/2019			11,075.00	11,075.00	
12/31/2019					22,150.00
06/01/2020			11,075.00	11,075.00	
12/01/2020			11,075.00	11,075.00	
12/31/2020					22,150.00
06/01/2021	15,000	4.000%	11,075.00	26,075.00	
12/01/2021			10,775.00	10,775.00	
12/31/2021					36,850.00
06/01/2022	15,000	4.000%	10,775.00	25,775.00	
12/01/2022			10,475.00	10,475.00	
12/31/2022					36,250.00
06/01/2023	15,000	4.000%	10,475.00	25,475.00	
12/01/2023			10,175.00	10,175.00	
12/31/2023					35,650.00
06/01/2024	15,000	4.000%	10,175.00	25,175.00	
12/01/2024			9,875.00	9,875.00	
12/31/2024					35,050.00
06/01/2025	20,000	5.000%	9,875.00	29,875.00	
12/01/2025			9,375.00	9,375.00	
12/31/2025					39,250.00
06/01/2026	20,000	5.000%	9,375.00	29,375.00	
12/01/2026			8,875.00	8,875.00	
12/31/2026					38,250.00
06/01/2027	20,000	5.000%	8,875.00	28,875.00	
12/01/2027			8,375.00	8,375.00	
12/31/2027					37,250.00
06/01/2028	20,000	5.000%	8,375.00	28,375.00	
12/01/2028			7,875.00	7,875.00	
12/31/2028					36,250.00
06/01/2029	20,000	5.000%	7,875.00	27,875.00	
12/01/2029			7,375.00	7,375.00	
12/31/2029					35,250.00
06/01/2030	25,000	5.000%	7,375.00	32,375.00	
12/01/2030			6,750.00	6,750.00	
12/31/2030					39,125.00
06/01/2031	25,000	5.000%	6,750.00	31,750.00	
12/01/2031			6,125.00	6,125.00	
12/31/2031					37,875.00
06/01/2032	25,000	5.000%	6,125.00	31,125.00	
12/01/2032			5,500.00	5,500.00	
12/31/2032					36,625.00
06/01/2033	25,000	5.000%	5,500.00	30,500.00	
12/01/2033			4,875.00	4,875.00	
12/31/2033					35,375.00
06/01/2034	30,000	5.000%	4,875.00	34,875.00	
12/01/2034			4,125.00	4,125.00	
12/31/2034					39,000.00
06/01/2035	30,000	5.000%	4,125.00	34,125.00	
12/01/2035			3,375.00	3,375.00	

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BOND DEBT SERVICE

Series 2014 Two Bonds  
King Cove New Money Electric Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/31/2035					37,500.00
06/01/2036	30,000	5.000%	3,375.00	33,375.00	
12/01/2036			2,625.00	2,625.00	
12/31/2036					36,000.00
06/01/2037	35,000	5.000%	2,625.00	37,625.00	
12/01/2037			1,750.00	1,750.00	
12/31/2037					39,375.00
06/01/2038	35,000	5.000%	1,750.00	36,750.00	
12/01/2038			875.00	875.00	
12/31/2038					37,625.00
06/01/2039	35,000	5.000%	875.00	35,875.00	
12/31/2039					35,875.00
	455,000		391,984.86	846,984.86	846,984.86

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BOND DEBT SERVICE

Series 2014 Two Bonds  
King Cove Electric 2013 USDA Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			10,095.97	10,095.97	
12/31/2014					10,095.97
06/01/2015	120,000	2.000%	11,575.00	131,575.00	
12/01/2015			10,375.00	10,375.00	
12/31/2015					141,950.00
06/01/2016	120,000	3.000%	10,375.00	130,375.00	
12/01/2016			8,575.00	8,575.00	
12/31/2016					138,950.00
06/01/2017	125,000	3.000%	8,575.00	133,575.00	
12/01/2017			6,700.00	6,700.00	
12/31/2017					140,275.00
06/01/2018	130,000	4.000%	6,700.00	136,700.00	
12/01/2018			4,100.00	4,100.00	
12/31/2018					140,800.00
06/01/2019	135,000	4.000%	4,100.00	139,100.00	
12/01/2019			1,400.00	1,400.00	
12/31/2019					140,500.00
06/01/2020	70,000	4.000%	1,400.00	71,400.00	
12/31/2020					71,400.00
	700,000		83,970.97	783,970.97	783,970.97

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UNIVERSAL BOND SOLUTION

Series 2014 Two Bonds  
Series 2014 Two Bonds  
Ketchikan Hospital Bonds

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service
12/31/2014		817,468	764,750	1,582,218
12/31/2015		1,874,450	845,000	2,719,450
12/31/2016		1,874,450	843,500	2,717,950
12/31/2017		1,874,450	845,250	2,719,700
12/31/2018	735,000	2,594,750		2,594,750
12/31/2019	765,000	2,594,750		2,594,750
12/31/2020	800,000	2,598,450		2,598,450
12/31/2021	830,000	2,595,850		2,595,850
12/31/2022	865,000	2,596,950		2,596,950
12/31/2023	900,000	2,596,650		2,596,650
12/31/2024	935,000	2,594,950		2,594,950
12/31/2025	980,000	2,596,750		2,596,750
12/31/2026	1,030,000	2,596,500		2,596,500
12/31/2027	1,080,000	2,593,750		2,593,750
12/31/2028	1,140,000	2,598,250		2,598,250
12/31/2029	1,195,000	2,594,875		2,594,875
12/31/2030	1,260,000	2,598,500		2,598,500
12/31/2031	1,320,000	2,594,000		2,594,000
12/31/2032	1,390,000	2,596,250		2,596,250
12/31/2033	1,460,000	2,595,000		2,595,000
12/31/2034	1,535,000	2,595,125		2,595,125
12/31/2035	1,615,000	2,596,375		2,596,375
12/31/2036	1,700,000	2,598,500		2,598,500
12/31/2037	1,785,000	2,596,375		2,596,375
12/31/2038	1,875,000	2,594,875		2,594,875
12/31/2039	1,970,000	2,593,750		2,593,750
12/31/2040	2,075,000	2,597,625		2,597,625
12/31/2041	2,180,000	2,596,250		2,596,250
12/31/2042	2,290,000	2,594,500		2,594,500
12/31/2043	2,410,000	2,597,000		2,597,000
12/31/2044	2,535,000	2,598,375		2,598,375
	38,655,000	76,535,793	3,298,500	79,834,293

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UNIVERSAL BOND SOLUTION

Series 2014 Two Bonds  
Series 2014 Two Bonds  
Ketchikan Harbor Bonds

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service
12/31/2014		51,963	51,963
12/31/2015	90,000	208,250	208,250
12/31/2016	90,000	206,000	206,000
12/31/2017	95,000	208,225	208,225
12/31/2018	95,000	204,900	204,900
12/31/2019	100,000	206,000	206,000
12/31/2020	105,000	206,900	206,900
12/31/2021	110,000	207,600	207,600
12/31/2022	115,000	208,100	208,100
12/31/2023	120,000	208,400	208,400
12/31/2024	125,000	208,500	208,500
12/31/2025	130,000	207,750	207,750
12/31/2026	135,000	206,125	206,125
12/31/2027	140,000	204,250	204,250
12/31/2028	150,000	207,000	207,000
12/31/2029	155,000	204,375	204,375
12/31/2030	165,000	206,375	206,375
12/31/2031	175,000	207,875	207,875
12/31/2032	180,000	204,000	204,000
12/31/2033	190,000	204,750	204,750
12/31/2034	200,000	205,000	205,000
12/31/2035			
12/31/2036			
12/31/2037			
12/31/2038			
12/31/2039			
12/31/2040			
12/31/2041			
12/31/2042			
12/31/2043			
12/31/2044			
	2,665,000	4,182,338	4,182,338

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UNIVERSAL BOND SOLUTION

Series 2014 Two Bonds  
Series 2014 Two Bonds  
King Cove Electric Bonds

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service
06/30/2014				
06/30/2015		20,735	141,671	162,406
06/30/2016		22,150	140,750	162,900
06/30/2017		22,150	142,150	164,300
06/30/2018		22,150	143,400	165,550
06/30/2019		22,150	143,200	165,350
06/30/2020		22,150	72,800	94,950
06/30/2021	15,000	37,150		37,150
06/30/2022	15,000	36,550		36,550
06/30/2023	15,000	35,950		35,950
06/30/2024	15,000	35,350		35,350
06/30/2025	20,000	39,750		39,750
06/30/2026	20,000	38,750		38,750
06/30/2027	20,000	37,750		37,750
06/30/2028	20,000	36,750		36,750
06/30/2029	20,000	35,750		35,750
06/30/2030	25,000	39,750		39,750
06/30/2031	25,000	38,500		38,500
06/30/2032	25,000	37,250		37,250
06/30/2033	25,000	36,000		36,000
06/30/2034	30,000	39,750		39,750
06/30/2035	30,000	38,250		38,250
06/30/2036	30,000	36,750		36,750
06/30/2037	35,000	40,250		40,250
06/30/2038	35,000	38,500		38,500
06/30/2039	35,000	36,750		36,750
06/30/2040				
06/30/2041				
06/30/2042				
06/30/2043				
06/30/2044				
	455,000	846,985	783,971	1,630,956

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*Alaska Municipal Bond Bank  
General Obligation (2005 Resolution), 2014 Series Two  
Financing Schedule*

MARCH						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Key to Participants:  
 AMBB = Alaska Municipal Bond Bank  
 FA = Financial Advisor (Western Financial Group)  
 BC = Bond Counsel (Wohlforth, Brecht, Cartledge & Brooking)  
 UND = Underwriter  
 WG = Working Group (All of the Above)

Wed-Apr-16-14	Distribute first draft POS, Bond Resolution	FA, BC
Tue-Apr-22-14	Comments on 1st draft of POS, Bond Resolution	WG
Fri-Apr-25-14	Distribute 2nd draft of POS to WG, Bond Resolution	FA, BC
Tue-Apr-29-14	Loan Summaries, Bond Resolution and draft POS to AMBB for Board Distribution	FA, BC
Fri-May-2-14	Comments on 2nd draft of POS, Bond Resolution	WG
Tue-May-6-14	Distribute 3rd draft of POS to WG	FA
<b>Wed-May-7-14</b>	<b>AMBB Board Meeting to approve Resolution, review loans</b>	<b>WG</b>
Fri-May-9-14	Comments due on 3rd draft of POS	WG
Mon-May-12-14	Distribute POS, Bond Resolution, Loan Summaries to rating agencies	FA, BC
Tue-May-27-14	Receive ratings	FA
Thu-May-29-14	Post POS to internet	WG
<b>Tue-Jun-10-14</b>	<b>Bid Opening</b>	<b>AMBB, FA</b>
Wed-Jun-11-14	Transcript preparation begins	BC
Fri-Jun-13-14	Distribute draft Final OS	FA
Fri-Jun-13-14	Comments due on Final OS, deliver Final OS to printer	FA
Fri-Jun-13-14	Closing documents distributed to WG	BC
<b>Wed-Jun-18-14</b>	<b>PRE-CLOSING IN SEATTLE</b>	<b>WG</b>
<b>Thu-Jun-19-14</b>	<b>CLOSING IN SEATTLE</b>	<b>WG</b>



WESTERN  
FINANCIAL  
GROUP

**\$47,205,000 General Obligation Bonds, 2014A Series One**  
**\$14,000,000 General Obligation Bonds, 2014B Series One**

Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank  
P.O. Box 110405  
Juneau, AK 99811

February 26, 2014

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2014A and 2014B Series One on February 6, 2014 I have prepared this sale results summary.

The 2014A Bonds were sold by negotiated sale to RBC Capital Markets and the 2014B Bonds were sold to J.P. Morgan. The table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues, including the 2014A Series One Bonds and the 2014B Series One Bonds. The 2014A Bonds were tax-exempt, while the 2014B Bonds were federally taxable. Consequently, the 2014B Bonds, the proceeds of which were used by Kenai Peninsula Borough for medical facilities, were structured to mature in the early end of the yield curve. As the table indicates, underwriter compensation has continued to trend downward and, after a significant run up during the summer of 2013, interest rates have stabilized.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2014A One	3.5484%	12.374	\$ 2.94
2014B One	2.2643	4.318	2.52
2013 Three	4.1274	16.753	3.19
2013 Two	3.4048	11.843	3.20
2013 One	3.6056	17.671	3.15
2012 Three	1.7607	6.387	4.50
2012 Two	2.1554	7.149	4.50
2012 One	1.5210	4.928	3.50
2011 Three	2.5669	7.855	4.01
2011 Two	3.2693	8.277	10.92
2011 One	4.5663	11.373	5.03
2010A Four	3.0896	6.870	4.67
2010A Three	2.0137	5.251	5.07

Phone: (503) 636-0265 Fax: (503) 636-9778  
333 S. State Street  
Suite V, #172  
Lake Oswego, OR 97034

The table below presents the AMBB and MMD scales for sample maturities of the 2014A Series One Bonds with a comparison to the yield spreads to the MMD for the 2012 One Series through the 2013 Series Three Bonds. The yields have been adjusted to reflect the “yield kick” associated with callable premium bonds.

	MMD (2/6/14)	AMBB (2014A I Bonds)	Difference (2014A I Bonds)	Difference (2013 III Bonds)	Difference (2013 II Bonds)	Difference (2013 I Bonds)	Difference (2012 III Bonds)	Difference (2012 II Bonds)	Difference (2012 I Bonds)
Year 1	0.18	0.23	.05	.03	.13	-.02	.11	.31	.29
Year 3	0.51	0.61	.10	.09	.15	.13	.20	.45	.35
Year 5	1.11	1.25	.14	.10	.25	.25	.23	.47	.46
Year 8	2.17	2.41	.24	.29	.34	.38	.31	.50	.48
Year 12	2.80	3.39	.59	.63	.77	.61	.95	.585	.42
Year 14	3.05	3.78	.73	.75	.92	.81	.94		
Year 15	3.14	3.90	.76	.76	.96	.84			

As the table demonstrates, the 2014A One Bonds continued a trend of tightening yields relative to the Municipal Market Data AAA Index, particularly in the mid-to-long end of the yield curve. Inside of the 10 year call date, the 2014A One Bonds traded at spreads slightly higher than the 2013 Three Bonds, but well below spreads of bonds sold in 2012 or earlier in 2013.

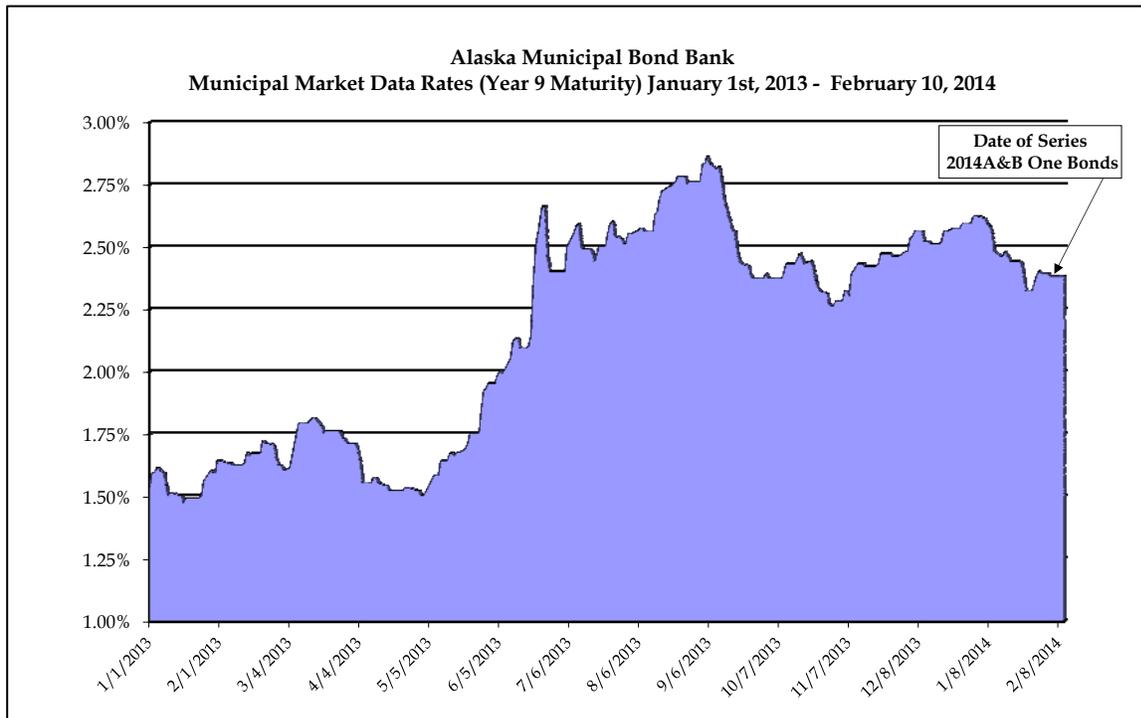
In the course of the 2014 One bond issue, the Bond Bank met with the rating agencies in New York, including Standard & Poor’s. This was the first time the Bond Bank sought a rating from S&P since the sale of the 2009 Two Bonds in March 2009. At that point, S&P rated the Bond Bank’s 2005 Resolution program A+. As a result of the credit enhancements to the program in subsequent years, including inclusion of specific appropriation language in the State’s annual budget, S&P assigned a AA+ rating to the 2014 One Bonds.

The graph on the following page presents the yield on the nine year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past year has been characterized by fluctuations in the yields of highly rated bonds, with rates hitting recent lows approximately one year ago.

Beginning in May 2013 tax-exempt rates began a dramatic upward trend, with rates rising by more than 125 basis points between May and September. The rate increases were a function of several factors, including a buoyant equity market, substantial outflows from municipal bond funds, and a general belief that the U.S. economy was improving at a faster pace than expected. Pressure on municipal rates was exacerbated by relatively high volume, as issuers attempted to enter the market in advance of even higher rates.

Additionally, Federal Reserve Chairman Ben Bernanke’s statement in June 2013 that the Federal Reserve intended to reduce bond purchases associated with its quantitative easing program caused a nearly 50 basis upward adjustment in rates in the week ending June 21<sup>st</sup>. Lastly, tax-exempt rates were also negatively impacted by the news of the potential bankruptcy by the City of Detroit. This stoked fears that municipal credits were under significant pressure from, among issues, unfunded pension and health benefit obligations. This led to a renewed round of outflows from municipal bond mutual funds.

Rates began to recover somewhat beginning in mid-September through the end of the month, falling approximately 50 basis points from the levels of early September on diminished concerns that the Fed planned to reduce its bond purchase program. The 2014 One Bonds sold into a stable market, with tax-exempt rates trading within a fairly narrow range of 30 to 40 basis points from late September through the February 6<sup>th</sup> institutional pricing.



On the morning of February 5<sup>th</sup> members of the working group convened by teleconference to discuss the marketing of both series of the 2014 Series One Bonds, first discussing the preliminary scale with JP Morgan related to the 2014B One Bonds, followed by a call with RBC to discuss the scale for the 2014B One Bonds.

JP Morgan reviewed activity in the taxable market and reported a fairly stable tone, although there was some very slight upward pressure on yields. In discussions with JP Morgan, Bond Bank staff and advisors recommended that the yield on the taxable bonds be set as a fixed number, rather than float as a spread to US Treasury bonds until the receipt of the verbal award. Typically taxable bonds are marketed with yields that float during the order period as a set number of basis points over the comparable US Treasury yield (for example, 100 basis points over the 5-year US Treasury bond). By setting a fixed yield rather than a yield spread to Treasuries, the Bond Bank was able to lock in yields during a period when taxable yields increased 3 to 5 basis points.

The yields proposed by JP Morgan ranged from .43% in 2015 to 3.75% in 2024. The proposed yields compared favorably to yields on other taxable municipal bonds sold in the week leading up to the Bond Bank sale. For example, on January 29<sup>th</sup> the State of Virginia sold taxable bonds that carried a 3.86% yield in 2024. The working group agreed to the proposed yields and the bonds were marketed on February 6<sup>th</sup>. Following the order period, JP Morgan reported a very solid market reception, with each maturity having subscription levels that ranged from 2.4 times to nearly 6 times. Based on the

market response, JP Morgan proposed yield reductions that ranged from 2 to 6 basis points. Those adjustments were agreed to by the Bond Bank working group and the verbal award was provided.

With respect to the 2014A One, RBC provided a proposed scale with yields ranging from 0.23% in 2014 to 4.25% in 2039. These proposed yields resulted in spreads to the MMD AAA scale ranging from 5 basis points in the 2015 maturity to as wide as 50 basis points for the 2039 serial bond which was proposed to be sold at par (rather than a 5% coupon). After a review of the scale, consideration of the market tone and comparison with other transactions in the market, WFG proposed reducing the yields on the 2026 through 2033 serial bonds by 2 basis points, reflecting the most aggressive spread to MMD achieved by the Bond Bank during the course of the 2013 Three sale. RBC agreed to those adjustments prior to releasing the scale on the retail pricing wire. The retail sale was limited to the serial bonds maturing 2015 through 2026, 2030 and 2034 and the 2038 term bond.

There was a mixed investor response during the retail order period. The 2015 through 2018 bonds had subscription levels less than one times, while the 2019 through 2024 bonds had subscription levels that ranged from 1.6 times to 5.1 times. Interest during the retail order period in the bonds maturing beyond 2024 was very limited. Based on this response, RBC recommended yield reductions of between 1 and 5 basis points on the 2019 through 2024 maturities. In addition, RBC recommended changing the coupon on the 2030 maturity from 3.75% to 5% and the 2034 maturity from 4.50% to 5% and marketing both at a yield 38 basis points over the comparable MMD yield.

During the institutional order period RBC reported sufficient demand for most of the unsold balances. The 2026 bonds had a subscription level of 3.7 times, justifying a 3 basis point yield reduction, resulting in a 35 basis point spread to the MMD yield. The 2027 through 2030 maturities had subscription levels that ranged from 1.0 times to 1.7 times. The 2031 through 2033 bonds had essentially no orders, and RBC recommended offering the 2031 bonds at a 4.75% coupon with a 50 basis point spread to the MMD and combining the 2032 and 2033 serials bonds into a term bond maturing in 2033 with a 5% coupon and a 38 basis point spread to MMD.

After discussion between Bond Bank staff and Western Financial Group the proposed adjustments were approved and the verbal award was given. At the time of the verbal award, RBC underwrote approximately \$6.5 million of unsold bonds.

The proceeds of the 2014 Series One Bond sale were provided to three borrowers for new money purposes. The table below summarizes the estimated present value savings achieved by the participants to the 2014 Series One sale.

<b>Borrower</b>	<b>Loan Par</b>	<b>Gross Savings</b>	<b>Present Value Savings</b>
City and Borough of Juneau	\$6,055,000	\$ 569,000	\$ 381,000
Kenai Peninsula Borough (tax-exempt)	18,490,000	2,084,000	1,624,000
Kenai Peninsula Borough (taxable)	14,000,000	601,000	527,000
Kodiak Island Borough	22,660,000	1,815,000	1,299,000

The bond sale closed on February 20<sup>th</sup> in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized, with the first name "Chip" written in a cursive-like font and the last name "Pierce" written in a more blocky, slightly slanted font. There is a horizontal line extending from the end of the signature.

Chip Pierce



333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Tel (907) 465-2388  
FAX (907) 465-2902  
E-mail: [ambba@revenue.state.ak.us](mailto:ambba@revenue.state.ak.us)

**TO:** AMBBA Board Members  
Mark Pfeffer, Pam Leary, Luke Welles,  
Gregory Gurse, Ted Leonard

**DATE:** April 30, 2014

**FROM:** Deven Mitchell, Executive Director **TELEPHONE:** 465-3750

Following are updates on items not covered in the May 7, 2014 Agenda:

*Quarterly compilation report* – was received for the 2<sup>nd</sup> quarter of FY 2014 and a summary of the 3<sup>rd</sup> quarter has been provided.

*January 10, 2014* – Mark signed the annual reserve certifications to the Governor, President of the Senate and Speaker of the House of Representatives. The letters are attached.

*January 31, 2014* – Standard & Poor's released their rating report on the Bond Bank with a AA+ rating. A copy of the rating report is attached.

*February 18, 2014* – In conjunction with the 2014 One closing I directed the transfer of \$2,726,273.79 from the custodial account at the First National Bank Alaska to the 2005 Reserve fund at the Bank of New York Mellon. The letter is attached.

*March 13, 2014* – The North Slope Borough closed on their \$62.2 million Service Area 10 Water and Wastewater Facility Revenue Bonds, Series 2014. The Borough backstopped the bonds with a moral obligation structure and was able to achieve a rating of A- from Standard & Poor's. The bonds were underwritten at a cost of approximately \$10 per \$1,000 by KeyBanc Capital Markets Inc.

*April 15, 2015* – I provided the quarterly report ethics report the Department of Law. Not violations were reported.

*Wildflower Court* – I received notification from the City and Borough of Juneau and Wildflower Court that they may have an issue with meeting their rate covenant for calendar year 2013. The CFO may have been calculating the coverage incorrectly.

*Legislation* – Senate Bill 218 was the bill that Senate Finance sponsored to increase the Bond Bank’s borrowing limit. We had asked for a \$250 million increase in the borrowing limit and elimination of the annual transfer of excess earnings of the “Reserve Fund” to the State’s general fund. What the final version of the bill accomplishes is a \$500 million increase in the Bond Bank borrowing limit, new authority to lend to the University of Alaska, new additional cap specifically for the University of Alaska of \$87.5 million, and authorized the University of Alaska to issue \$157.5 million of Revenue bonds.

*AGFOA Spring Conference* - Ryan Williams and I are attending the AGFOA conference May 5-7 in Sitka. We will be presenting to the group on May 6.

*Heads Up* – Luke Welles’ current term expires on July 15, 2015.

*Next Bond Issue* – the City and Borough of Juneau Finance Director, Bob Bartholomew has indicated that they will be requesting a \$12 million general obligation loan to be funded in the August to October time frame. We will work to identify any other communities that are on this same schedule.



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January 10, 2014

The Honorable Sean Parnell  
Governor of the State of Alaska  
Office of the Governor  
PO Box 110001  
Juneau, AK 99811

Dear Governor Parnell:

For the 38<sup>th</sup> straight year the Alaska Municipal Bond Bank Authority has the legally required fund balances in each of its reserve account. This means that over the last almost four decades the State has reduced Alaskan communities borrowing costs by hundreds of millions without appropriations and spending, but by simply reducing Wall Street's risk assessment of Alaska's community loans.

During FY 2013 the Bond Bank issued \$153.5 million of general obligation bonds to fund 17 loans to Alaskan communities. This year alone, the Bond Bank's participation provided savings of over \$19.8 million to Alaskans. As of June 30, 2013 the Bond Bank had \$812.1 million in total bonds outstanding for projects in 42 Alaskan communities located across the State.

In addition to saving communities money, the Bond bank has funded its annual operation out of program receipts, returned \$27.9 million of excess earnings to the State, and built a net position of \$57.4 million.

The certificate officially notifying you that the Bond Bank reserves are fully funded is enclosed.

Please contact me with any questions.

Sincerely,

Mark Pfeffer  
Chairperson



333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Tel (907) 465-2388  
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January 10, 2014

The Honorable Charlie Huggins  
President of the Alaska State Senate  
Senate President's Office, Capitol Room 423  
PO Box V  
Juneau, AK 99811

Dear Senator Huggins:

For the 38<sup>th</sup> straight year the Alaska Municipal Bond Bank Authority has the legally required fund balances in each of its reserve account. This means that over the last almost four decades the State has reduced Alaskan communities borrowing costs by hundreds of millions without appropriations and spending, but by simply reducing Wall Street's risk assessment of Alaska's community loans.

During FY 2013 the Bond Bank issued \$153.5 million of general obligation bonds to fund 17 loans to Alaskan communities. This year alone, the Bond Bank's participation provided savings of over \$19.8 million to Alaskans. As of June 30, 2013 the Bond Bank had \$812.1 million in total bonds outstanding for projects in 42 Alaskan communities located across the State.

In addition to saving communities money, the Bond bank has funded its annual operation out of program receipts, returned \$27.9 million of excess earnings to the State, and built a net position of \$57.4 million.

The certificate officially notifying you that the Bond Bank reserves are fully funded is enclosed.

Please contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Pfeffer".

Mark Pfeffer  
Chairperson



333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Tel (907) 465-2388  
FAX (907) 465-2902  
E-mail: [ambba@revenue.state.ak.us](mailto:ambba@revenue.state.ak.us)

January 10, 2014

The Honorable Mike Chenault  
Speaker of the Alaska House of Representatives  
House Speaker's Office, Capitol Room 208  
PO Box V  
Juneau, AK 99811

Dear Representative Chenault:

For the 38<sup>th</sup> straight year the Alaska Municipal Bond Bank Authority has the legally required fund balances in each of its reserve account. This means that over the last almost four decades the State has reduced Alaskan communities borrowing costs by hundreds of millions without appropriations and spending, but by simply reducing Wall Street's risk assessment of Alaska's community loans.

During FY 2013 the Bond Bank issued \$153.5 million of general obligation bonds to fund 17 loans to Alaskan communities. This year alone, the Bond Bank's participation provided savings of over \$19.8 million to Alaskans. As of June 30, 2013 the Bond Bank had \$812.1 million in total bonds outstanding for projects in 42 Alaskan communities located across the State.

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A handwritten signature in blue ink, appearing to read "Mark Pfeffer".

Mark Pfeffer  
Chairperson



333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

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FAX (907) 465-2902  
E-mail: ambba@revenue.state.ak.us

January 10, 2014

The Honorable Sean Parnell  
Governor of the State of Alaska

The Honorable Charlie Huggins  
President of the Alaska State Senate

The Honorable Mike Chenault  
Speaker of the Alaska House of Representatives

I, Mark Pfeffer, Chairperson of the Alaska Municipal Bond Bank Board, hereby certify pursuant to Alaska Statute 44.85.270g that the amount of funds necessary to restore the debt service reserves for fiscal year ended June 30, 2013 is as follows:

\$0.00 Zero Dollars and No Cents

CERTIFICATE: General Bond Resolution 1976  
Adopted May 27, 1976

CERTIFICATE: General Bond Resolution 2005  
Adopted July 13, 2005

CERTIFICATE: General Bond Resolution 2010  
Adopted November 2, 2010

CERTIFICATE: General Revenue Bond Resolution 2003 Series B  
Adopted April 24, 2003

CERTIFICATE: General Revenue Bond Resolution 2004 Series B  
Adopted July 19, 2004



BY:

A handwritten signature in blue ink, appearing to read "Mark Pfeffer".

Mark Pfeffer  
Chairperson  
Board of Directors  
Alaska Municipal Bond Bank

# RatingsDirect®

---

## Summary:

# Alaska Municipal Bond Bank Alaska; Moral Obligation

### Primary Credit Analyst:

Gabriel J Petek, CFA, San Francisco (1) 415-371-5042; gabriel.petek@standardandpoors.com

### Secondary Contact:

David G Hitchcock, New York (1) 212-438-2022; david.hitchcock@standardandpoors.com

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statute.) And because the debt repayments by local governments occur on a rolling basis throughout the year, the standing appropriation allows the AMBB to replenish and maintain the DSR balance at its required level. Related to this credit strength, in our view, is the diversity of the pool provided by the 39 borrowers under the bond bank program. In addition to the appropriation and moral obligation support, the AMBB also has additional statutory authority to borrow funds from Alaska's general fund at the discretion of the commissioner or the department of revenue.

The 2014 series one bonds are the 28th series of bonds issued under the 2005 general bond resolution. As of Jan. 1, 2014, the bond bank had \$846.91 million of bonds outstanding. This consisted of \$768.82 million of GO bonds outstanding that were issued under its 2005 general bond resolution (excluding the 2014 series one bonds), \$58.58 million of GO bonds outstanding under its 1976 general bond resolution, \$4.44 million of GO bonds outstanding under its 2010 general bond resolution, \$4.39 million of revenue bonds outstanding under its 2004B resolution, and \$10.68 million of Coastal Energy Impact Loan Program obligations outstanding. Including the issuance of the 2014 series one bonds, the AMBB estimates that total outstanding debt will be \$909.21 million.

The 2014 series one bond proceeds will be used to make loans to:

- The city and borough of Juneau for improvements to the city's cruise ship dock;
- The Kenai Peninsula Borough for construction and equipping of a specialty clinics building associated with Central Peninsula Hospital;
- The city of King Cove for improvements to the King Cove hydroelectric system and to refund a previously issued U.S. Department of Agriculture electric loan; and
- The Kodiak Island Borough to continue funding a multiple year project to renovate and expand Kodiak High School.

The bond bank plans to use unrestricted cash to fund the increase in the common debt service reserve requirement, which, according to the 2005 resolution, is required to equal the lesser of 10% of the principal amount of bonds outstanding, 125% of average annual debt service on all the bonds outstanding, or maximum annual debt service. The bonds are general obligations of the AMMB, which receives revenue from a pool of loans to municipalities and investment earnings on assets. According to the state, as of Dec. 31, 2013, the reserve fund value was approximately \$42.2 million, an amount sufficient to satisfy the reserve fund requirement. The debt service reserve fund will be funded from a contribution from the custodian account. The custodian account is where the AMBB holds retained earnings, current year investment earnings, or funds appropriated to the AMBB by the state. According to the bond bank, as of Dec. 31, 2013, the custodian account market value balance was \$24.2 million.

In addition to the appropriation support, the bonds are backed by Alaska's moral obligation pledge to maintain a debt service reserve for the bank's bonds and by state aid withholding provisions that, since June 1988, have applied to both GO and revenue bonds issued by the bank. The 2005 resolution established a common reserve fund to comply with a state statute requiring a reserve fund for any bond bank bond issues. Per state statute, on or before Jan. 30 of each year, the bond bank is required to deliver a statement to the governor and state legislature stating the amount, if any, necessary to replenish the reserve fund. If a draw on the reserve fund were to occur, the state legislature might, but is not required to, appropriate funds to replenish it to the required amount. However, we view this provision as having been strengthened with the state's standing appropriation to backfill the DSR. The state aid withholding provisions under the bond bank statute say that aid to municipalities will be withheld and paid directly to the bank if the

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February 18, 2014

Ms. Jill Kehr, Trust Officer  
First National Bank Alaska  
PO Box 100720  
Anchorage, AK 99510-0720

Dear Ms. Kehr,

Please wire transfer \$2,726,273.79 from the Custodial Account to the Bank of New York on Wednesday February 19, 2014 to satisfy the increased 2005 reserve requirement due to the issuance of the 2014 Series One bonds.

Wire transfer through the Federal Reserve wire transfer system with the following instructions:

The Bank of New York Mellon  
ABA #021000018  
Account: GLA: 111-565  
FBO: TAS#745965  
REF: AMBB 2014 One  
Attn: Gordon Fung, Phone - 415-263-2090

Sincerely,

---

Deven Mitchell  
Executive Director

Cc: Gordon Fung  
Bert Wagon  
Chip Pierce  
Cindy Cartledge  
Pam Leary  
Scott Jones

**NEW ISSUE — BOOK-ENTRY ONLY**

**RATINGS: SEE “RATINGS” HEREIN**

*In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Borough, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Series 2014 Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. See “TAX MATTERS.”*



**\$62,200,000**

**NORTH SLOPE BOROUGH, ALASKA**

**Service Area 10 Water and Wastewater Facilities Revenue Bonds, Series 2014**

**Dated: Date of Delivery**

**Due: June 30, as shown on the inside cover page**

North Slope Borough, Alaska (the “Borough”) is issuing \$62,200,000 aggregate principal amount of its North Slope Borough, Alaska, Service Area 10 Water and Wastewater Facilities Revenue Bonds, Series 2014 (the “Series 2014 Bonds”) pursuant to Article XII of the Charter, Ordinance No. 2013-16, enacted by the North Slope Borough Assembly (the “Assembly”) on December 3, 2013 (the “Bond Ordinance”) and Resolution Serial No. 36-2013-A, adopted by the Assembly on February 5, 2014 (the “Master Resolution”), and as supplemented by Resolution Serial No. 36-2013-B, adopted by the Assembly on February 5, 2014, as amended by Resolution Serial No. 36-2013-C, adopted by the Assembly on March 13, 2014 (collectively, the “First Supplemental Resolution” and together with the Master Resolution, the “Resolution”). U.S. Bank National Association, has been appointed to act as Trustee and Registrar and Paying Agent for the Series 2014 Bonds.

The Borough is issuing the Series 2014 Bonds (i) to pay, or to reimburse the Borough for the payment of, costs of the construction, additions, improvements, betterments, repair, reconstruction and acquisition of new water and wastewater treatment plants and a new heated water facility in Service Area 10 (collectively, the “Project”) to replace the existing water and wastewater treatment facilities; (ii) to fund the Service Area 10 Water and Wastewater Facilities Bond Reserve Fund Requirement; and (iii) to pay costs of issuing the Series 2014 Bonds.

The Series 2014 Bonds are being issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), in New York, New York. DTC will act as securities depository for the Series 2014 Bonds. Individual purchases of the Series 2014 Bonds will be made in book-entry only form. Purchasers of the Series 2014 Bonds will not receive physical delivery of the Series 2014 Bonds purchased by them. So long as the Series 2014 Bonds are held by DTC, payments of the principal of, premium, if any, and interest on the Series 2014 Bonds will be payable to DTC, which in turn is obligated to remit such principal of, premium, if any, and interest on the Series 2014 Bonds to the DTC participants for subsequent disbursements to beneficial owners of the Series 2014 Bonds.

The Series 2014 Bonds are being issued in denominations of \$5,000 and any integral multiple thereof. The Series 2014 Bonds will mature on the dates and in the amounts and will bear interest at the rates per annum shown on the inside front cover page hereof. Interest on the Series 2014 Bonds will be payable on June 30 and December 30 of each year, commencing on December 30, 2014. The Series 2014 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

The principal of, premium, if any, and interest on Bonds issued pursuant to the Resolution, including the Series 2014 Bonds, are payable solely from and are secured solely by a pledge of and lien on the Service Area 10 Water and Wastewater Facilities Revenues (as defined in the Resolution and more particularly described herein) consisting primarily of all income and revenue collected or accrued by the Borough in connection with the Service Area 10 Water and Wastewater Facilities, all as more fully described herein, subject only to the prior payment of Operation and Maintenance Expenses. The Borough’s obligations to pay the principal of, premium, if any, and interest on the Bonds, including the Series 2014 Bonds, are not debts of the State of Alaska (the “State”) or of any political subdivision of the State, or of the United States of America. The Bonds will not constitute a pledge of the faith and credit of the State, the Borough or of any political subdivision thereof nor shall the Bonds be payable out of funds or properties other than those set forth in the Resolution. The issuance of Bonds will not obligate the State, the Borough or any of its political subdivisions or the United States of America to levy or pledge the receipts from any form of taxation for the payment of the Bonds.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms not defined on this cover page are defined inside.

*The Series 2014 Bonds are offered when, as, and if issued by the Borough and accepted by the Underwriter, subject to prior sale and subject to the legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Borough. Certain legal matters will be passed upon by the Borough by the Interim Borough Attorney, Dawn Winalski. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Portland, Oregon. It is expected that the Series 2014 Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about March 20, 2014.*



March 13, 2014



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## MEMORANDUM

**State of Alaska**  
**Department of Law**

TO: Kimberly Halstead  
Litigation Assistant  
Department of Law  
Opinions, Appeals, & Ethics Section

FROM: Deven Mitchell  
Executive Director

A handwritten signature in black ink, appearing to read "Deven Mitchell", written over the printed name of the sender.

DATE: April 15, 2014

TEL. NO.: 907-465-3750

FAX: 907-465-2902

SUBJECT: Executive Branch Ethics Act, AS  
39.52 Quarterly Report  
January 1, 2014 to March 31, 2014

As designated ethics supervisor and executive director for the Alaska Municipal Bond Bank Authority, I wish to advise you that I have received no notifications of potential violations or requests for ethics determinations under the Ethics Act (AS 39.52) and have made no written determinations for this quarter.

**HOUSE CS FOR CS FOR SENATE BILL NO. 218(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 4/19/14**

**Referred: Today's Calendar**

**Sponsor(s): SENATE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to financing; relating to the Alaska Municipal Bond Bank Authority;**  
2 **authorizing the University of Alaska to issue bonds to finance the design, construction,**  
3 **acquisition, and equipping costs of the University of Alaska Fairbanks heat and power**  
4 **plant; authorizing the University of Alaska to borrow money from the Alaska Municipal**  
5 **Bond Bank Authority to finance the design, construction, acquisition, and equipping**  
6 **costs of the University of Alaska Fairbanks heat and power plant; and providing for an**  
7 **effective date."**

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 **\* Section 1. AS 44.85.005 is amended to read:**

10 **Sec. 44.85.005. Legislative findings.** The legislature finds that

11 (1) the rapid growth of municipalities in the state and the incorporation  
12 of new municipalities has created a demand for capital improvements that can only be  
13 met by these municipalities borrowing money through the issuance of bonds or notes;

1 (2) many of these municipalities, although creditworthy, either have  
2 not issued bonds or notes or have little outstanding debt;

3 (3) the cost of borrowed money to these municipalities is or may be  
4 unnecessarily high due to lack of investor familiarity with the municipalities;

5 (4) other municipalities in the state pay unnecessarily high borrowing  
6 costs because of the distance of the state from capital markets or may find borrowing  
7 difficult or impossible because of temporary economic dislocation due to loss of  
8 employment or prospective loss of employment;

9 **(5) the University of Alaska has limited debt capacity and may pay**  
10 **higher interest rates because of lower credit ratings.**

11 \* Sec. 2. AS 44.85.010(a) is amended to read:

12 (a) It is the policy of the state to

13 (1) foster and promote by all reasonable means the provision of  
14 adequate capital markets and facilities for borrowing money by municipalities in the  
15 state to finance capital improvements or for other authorized purposes, to assist these  
16 municipalities in fulfilling their capital needs and requirements by use of borrowed  
17 money within statutory interest rate or cost of borrowing limitations, to the greatest  
18 extent possible to reduce costs of borrowed money to taxpayers and residents of the  
19 state, and equally to encourage continued investor interest in the purchase of bonds or  
20 notes of municipalities as sound and preferred securities for investment;

21 (2) encourage municipalities to continue their independent  
22 undertakings and financing of capital improvements and other authorized purposes  
23 and to assist them by making capital funds available at reduced interest costs for  
24 orderly financing of capital improvements and other purposes especially during  
25 periods of restricted credit or money supply, particularly for those municipalities not  
26 otherwise able to borrow for capital needs;

27 (3) assist municipalities to provide for adequate insurance coverage by  
28 authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or  
29 nonnegotiable revenue bonds, notes, or certificates of participation either directly or  
30 through an entity it may create for the purpose of providing a self-insurance program  
31 for municipalities or municipal joint insurance arrangements organized under

1 AS 21.76;

2 (4) assist governmental employers to prepay all or a portion of their  
3 share of unfunded accrued actuarial liabilities of retirement systems in an effort to  
4 reduce their costs of satisfying their contractual obligations to provide retirement and  
5 other benefits to public employees through the issuance of bonds, notes, commercial  
6 paper, or other obligations by the bond bank authority or by a subsidiary corporation  
7 created by the bond bank authority under AS 44.85.085, but only if the state bond  
8 rating is the equivalent of AA- or better; this assistance is limited as provided in  
9 AS 37.15.903;

10 **(5) assist the University of Alaska to provide heating or energy**  
11 **projects by providing capital funds through loans that minimize costs and the**  
12 **effects on the debt capacity of the University of Alaska.**

13 \* Sec. 3. AS 44.85.090 is amended to read:

14 **Sec. 44.85.090. Limitations.** Under this chapter the bond bank authority may  
15 not

16 (1) make loans of money to a person, firm, or corporation other than a  
17 municipality **or the University of Alaska** or purchase securities issued by a person,  
18 other than a municipality except for investment as provided in this chapter;

19 (2) emit bills of credit, accept deposits of money for time or demand  
20 deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a  
21 private or commercial banking business, or act as a savings bank or savings and loan  
22 association;

23 (3) be or constitute a bank or trust company within the jurisdiction or  
24 under the control of a regulatory or supervisory board or department of the state, or the  
25 Comptroller of the Currency of the United States, or the Department of the Treasury,  
26 or Federal Reserve Board of the United States; or

27 (4) be or constitute a bank, banker, or dealer in securities within the  
28 meaning of or subject to the provisions of securities, securities exchange, or securities  
29 dealers law, of the United States or of this state or of another state.

30 \* Sec. 4. AS 44.85.100(b) is amended to read:

31 (b) The bond bank authority shall include in the report required by (a) of this

1 section an estimate of the amount of revenue bonds of the bond bank authority to be  
 2 issued during the fiscal year following the fiscal year in which the report is submitted.  
 3 Other than refunding bonds and other than bonds, notes, commercial paper, or other  
 4 obligations issued under AS 44.85.086, [AND] 44.85.180(a)(5), and 44.85.180(e), the  
 5 bond bank authority may not issue revenue bonds in excess of \$75,000,000 during any  
 6 fiscal year beginning after June 30, 1981, unless the legislature, by law, approves the  
 7 estimate required by this subsection for that fiscal year.

8 \* Sec. 5. AS 44.85.180(c) is amended to read:

9 (c) Notwithstanding the provisions of (a) and (b) of this section, the total  
 10 amount of bond bank authority bonds and notes outstanding at any one time may not  
 11 exceed \$1,500,000,000 [\$1,000,000,000]. This subsection does not apply to

12 (1) bonds or notes issued to fund or refund bonds or notes;

13 (2) bonds, notes, commercial paper, and other obligations issued under  
 14 AS 44.85.086 or (a)(5) of this section.

15 \* Sec. 6. AS 44.85.180 is amended by adding a new subsection to read:

16 (e) Notwithstanding (a), (b), and (c) of this section, the bond bank authority  
 17 may issue its bonds or notes in principle amounts not to exceed \$87,500,000 for the  
 18 purpose of making loans to the University of Alaska.

19 \* Sec. 7. AS 44.85.410(4) is amended to read:

20 (4) "municipal bond" means a bond or note or evidence of debt that  
 21 constitutes

22 (A) a general obligation bond that is a direct and general  
 23 obligation of a political subdivision of the state, all the taxable property within  
 24 which is subject to taxation to pay the bond, note, or evidence of debt, and the  
 25 interest without limitation, as to rate or amount generally to the extent  
 26 permitted by law or to avoid a default as provided for second class cities under  
 27 AS 29.45.590;

28 (B) a revenue bond issued by a municipality, the University of  
 29 Alaska, a solid waste management authority, or a port authority that pledges  
 30 the revenue of a revenue-producing capital improvement and that is payable  
 31 solely from the revenue of the revenue-producing capital improvement;

1 (C) a general obligation bond or revenue bond combined or  
2 additionally secured;

3 (D) a bond of a borough issued as a general obligation of a  
4 service area under AS 29.47.440 or former AS 29.58.340; or

5 (E) an obligation of a municipality secured only by

6 (i) special assessments on benefited property;

7 (ii) tax increments and a letter of credit or equal  
8 security; or

9 (iii) a lease;

10 \* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 **LEGISLATIVE APPROVAL; BOND AUTHORIZATION FOR UNIVERSITY OF**  
13 **ALASKA FAIRBANKS HEAT AND POWER PLANT.** (a) The University of Alaska may  
14 issue revenue bonds under AS 14.40.254 and use the proceeds of the revenue bonds to pay for  
15 the design, construction, acquisition, and equipping, including reserves for debt service and  
16 capitalized interest and costs of issuance, of a new heat and power plant facility in Fairbanks.

17 (b) Regarding the project described in (a) of this section, notice is given under  
18 AS 14.40.253 that

19 (1) the anticipated annual payment amount is \$5,600,000;

20 (2) the anticipated financing is \$70,000,000;

21 (3) the total construction, acquisition, and other costs of the project are  
22 \$245,000,000.

23 (c) This section grants the legislative approval of the project required by  
24 AS 14.40.253.

25 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 **LEGISLATIVE APPROVAL; LOAN AUTHORIZATION FOR UNIVERSITY OF**  
28 **ALASKA FAIRBANKS HEAT AND POWER PLANT.** (a) The University of Alaska may  
29 borrow money, not to exceed \$87,500,000, under AS 14.40.040(a)(5) by issuing revenue  
30 bonds and entering into a loan agreement with the Alaska Municipal Bond Bank Authority to  
31 pay for the design, construction, acquisition, and equipping of a new heat and power plant

1 facility in Fairbanks.

2 (b) Regarding the project described in (a) of this section, notice is given under  
3 AS 14.40.253 that

4 (1) the anticipated annual payment amount is \$7,000,000;

5 (2) the anticipated financing is \$87,500,000;

6 (3) the total construction, acquisition, and other costs of the project are  
7 \$245,000,000.

8 (c) This section grants the legislative approval of the project required by  
9 AS 14.40.253.

10 \* **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).